Celebrating Heinz,® Our Leading Brand and a Beloved Global Icon

H.J. Heinz Company 2005 Annual Report

Financial Highlights

H.J. HEINZ COMPANY AND SUBSIDIARIES

(In thousands, expect per share amounts)	2005 (52 Weeks)	2004 (52 Weeks)	2003 (52 Weeks)
Sales	$ 8,912,297	$ 8,414,538	$ 8,236,836
Operating income	1,354,842	1,379,257	1,173,816
Income from continuing operations before cumulative effect of change in accounting principle	735,822	778,933	555,359
Net income	752,699	804,273	566,285
Per share amounts:			
Income from continuing operations before cumulative effect of change in accounting principle—diluted	$ 2.08	$ 2.20	$ 1.57
Net income—diluted	2.13	2.27	1.60
Cash dividends	1.14	1.08	1.485
Book value	7.48	5.38	3.41
Capital expenditures	$ 240,671	$ 231,961	$ 153,969
Depreciation and amortization	252,452	233,943	214,762
Property, plant and equipment, net	2,163,938	2,057,286	1,957,866
Cash, cash equivalents and short-term investments	$ 1,083,749	$ 1,180,039	$ 801,732
Operating working capital	548,028	398,139	711,240
Total debt	4,695,253	4,974,430	4,930,929
Shareholders' equity	2,602,573	1,894,189	1,199,157
Average common shares outstanding—diluted	353,450	354,372	354,144
Current ratio	1.41	1.46	1.71
Debt/invested capital	64.3%	72.4%	80.4%
Pretax return on average invested capital	21.7%	24.5%	19.0%
Return on average shareholders' equity	34.4%	51.6%	34.7%

All periods presented include non-recurring items; see Management's Discussion and Analysis for details. All earnings per share amounts are on an after-tax diluted basis.

About This Year's Annual Report

H.J. Heinz Company is among the few international companies built on a singular eponymous brand. The Heinz® name is our most valuable asset, and products bearing its brand represent $3 billion in annual sales. What's more, it's loved universally and recognized on a broad range of quality products, served at all meal times. This year's annual report showcases Heinz®, the iconic brand, and the values that define it—trust, premium quality, great taste and wholesome nutrition. In any language, Heinz offers *Good Food, Every Day™*.

William R. Johnson, Chairman, President and Chief Executive Officer

DEAR SHAREHOLDERS: **Fiscal 2005 was a year in which we took Heinz forward by returning to our most basic promise to the consumer—improving lives with *Good Food, Every Day*™.** Supporting this promise are thousands of employees, state-of-the-art resources, and a road map to sustained growth.

At the heart of this vision is one of the world's most trusted and loved brands—Heinz®. It represents approximately one-third of our annual sales. According to a recent evaluation by The New England Consulting Group (page 4), our flagship brand tops $20 billion in lifetime value. That's right, our name is our most valuable asset and one of the most valuable brands in the world, thanks to the generations of employees who have sustained its quality and its universal appeal for millions of consumers.

The past three years have taught us that Heinz can become a faster-growing, more focused, and more valuable company when we remain true to our Four Strategic Imperatives: driving profitable growth in our core businesses; simplifying the businesses; reducing costs; and measuring and recognizing both performance and quality.

By following these imperatives in North America, we removed the burden of complexity and created an environment in which our brands and people are flourishing. This process confirmed Heinz's value-creation potential and serves as the model for faster growth in Europe and Asia as we focus on the four attractive core businesses of ketchup, condiments & sauces; foodservice; meals & snacks; and infant nutrition.

Heinz, in Fiscal 2005, achieved significant progress and operating improvements.

- Excluding special items, full-year EPS grew 6.4%, when compared to the prior year, to $2.34. (Earnings Per Share decreased from $2.27 to $2.13, however.)
- Operating free cash flow (cash provided by operations less capital expenditures) achieved the second-highest level in company history, reaching $920 million;
- The cash conversion cycle improved by six days vs. the prior year and has been improved by 34 days since the year before our transaction with Del Monte Foods Company in 2002;

- The company reduced net debt (total debt of $4.7 billion less cash and cash equivalents, short-term investments and the value of interest rate swaps), by a further $244 million when compared with Fiscal 2004 and has now reduced net debt by approximately $2 billion over the past three years;
- Heinz's worldwide sales, aided by foreign exchange rates, increased 5.9% to $8.91 billion, with volume growth of 1.9%, at the top end of our projected range. Operating income, excluding special items, increased 0.7% to $1.4 billion.

These measures are a positive indicator of our company's strong financial health. (See Item 7 in the Management's Discussion and Analysis for a reconciliation of the non-GAAP financial measures.) We achieved many of our critical objectives and enhanced the fundamentals of the company. We are especially pleased with our volume and sales momentum in U.S. Consumer Products, U.S. Foodservice, New Zealand, Australia and Poland.

Sales of Heinz's top 15 power brands—which represent 64% of overall sales—rose by 7.1%. This reflects sound allocation of the company's resources against its best and most productive brands. We continue to drive very strong operating free cash flow through significant reductions in the cash conversion cycle and disciplined capital processes. This was accompanied by improved customer service and supply chain efficiencies. And, capital spending was well within expectations at 2.7% of sales.

It was only two-and-a-half years ago that we divested several non-core North American businesses with approximately $1.8 billion in sales as part of a transaction with Del Monte Foods Company. Our objective? To simplify our U.S. operations and increase the focus on our core businesses. Since that transformative event, North American sales have grown by $332 million, and profits have increased $105 million, or more than 16%, in this key market. These successes underscore the efficacy of our strategy.

In the Asia-Pacific region, sales increased 3.9% aided by foreign exchange rates. The rise was spurred by strong new product concepts in frozen foods and convenience meals in Australia and New Zealand. We also saw solid performances in our developing markets. Good momentum and results were also recorded in Poland and Northern Europe.

Some of our progress was offset by declines in European seafood, frozen entrées in the U.K. and jarred vegetables in Europe. In Italy, shortfalls resulted from lower pricing, reductions in trade inventories and an adjustment for prior-year trade spending. However, we expect performance in Italy to improve rapidly as price reductions stimulate increased Plasmon® sales. We also experienced poor results in our Tegel® poultry business in New Zealand, reflecting competitive pricing pressure.

Throughout the organization, we successfully battled significant increases in commodities, fuel, interest and pension costs, which collectively rose by $160 million. We expect to face similar challenges in Fiscal 2006 and are working proactively to mitigate their effects.

HIGHER DIVIDEND As a result of our performance during the past year, in May 2005, the Board of Directors voted to increase Heinz's common stock dividend by 5.3% or 6 cents per share. This places us in the top 20% of the S&P 500 in terms of yield and will likely produce a payout at the top end of our 45% to 50% earnings target range. The Board's decision reflects its confidence in our strong cash flow and future prospects. The more generous dividend is an excellent way to increase the cash return for our shareholders.

GROWTH THROUGH STRATEGIC ACQUISITIONS Since the beginning of Fiscal 2005, we expanded the depth and geographic reach of our core business via three highly targeted acquisitions:

- Appetizers And, Inc., an outstanding addition to our U.S. Foodservice business. AAI provides appetizers and hors d'oeuvres to foodservice operators who find them a popular and profitable addition to menus.
- ABAL, S.A. de C.V. of Guadalajara, a relatively small packer of single-serve condiments to the foodservice trade in Mexico.
- Shanghai LongFong Foods, a respected Chinese company. LongFong gives us presence in the rapidly growing frozen foods business in one of the world's fastest-growing economies.

Additionally, at the outset of Fiscal 2006, we added a majority stake in Petrosoyuz, a leading Russian maker of ketchup, condiments and sauces. Petrosoyuz offers immediate growth in what is Europe's second largest ketchup and mayonnaise market.

We continue to look for acquisitions that underpin our core categories in every market worldwide.

RISING TO THE CHALLENGE Fiscal 2006 will be a year of positive change in Europe, Asia and the Pacific. We intend to achieve this as we did in North America through a series of strategic portfolio changes and improved organizational focus.

The starting point for this process is a comprehensive review of our international portfolio and our global structure. With this in mind, we announced our intent to sell the HAK® line of prepared vegetables in Northern Europe. Concomitantly, we undertook a strategic review of the non-core seafood and frozen businesses in Europe and the Tegel® poultry unit in New Zealand.

This action represents an integral part of our new three-year strategy in which we plan to:

- Focus on our core businesses, which generate 90% of our profits.
- Focus heavily on the key geographies of the United States, Canada, the U.K., Italy, Northern Europe, Poland and Australia/New Zealand.
- Simplify to get better, with particular emphasis on Europe and Asia.
- Build on our strong momentum in North America.
- Grow aggressively in Russia, Indonesia, China and India, which we refer to as the "RICI" markets. They represent 42% of the world's population, and their economies are growing at two to three times those of the developed markets.
- Continue to improve our overall business fundamentals and processes.
- Use our strong cash flow to drive shareholder value.

Most importantly, we will continue to place resources behind our big brands with number-one and -two market positions.

The key to success will be a high-performance culture and accountable organization that executes brilliantly. That is why I have created the Office of the Chairman with its mission to focus on growth and innovation, improve collaboration, and better leverage the global power of Heinz. This office consists of eight Pittsburgh-based executives. It includes, in addition to me, the four most senior executives responsible for global operations and the heads of our three most important corporate functions:

- **Jeffrey P. Berger,** Executive Vice President for Global Foodservice;
- **Joseph Jimenez,** Executive Vice President for Europe;
- **David C. Moran,** Senior Vice President and President for U.S. Consumer Products;
- A yet-to-be-determined Executive Vice President for Asia-Pacific and the Rest of the World;
- **Arthur B. Winkleblack,** Executive Vice President and Chief Financial Officer;
- **Theodore N. Bobby,** Senior Vice President and General Counsel; and
- **D. Edward I. Smyth,** Chief Administrative Officer and Senior Vice President of Corporate and Government Affairs.

These veterans bring to their positions a range of experience in the food industry and within Heinz.

Supporting this office will be a newly created Presidents Council. Composed of the heads of our largest business units, it will meet six times a year to share insights, benchmark best practices, and discuss key trends.

LOOKING AHEAD Our three North American businesses now represent 42% of our sales and more than 50% of our operating profits. The broad geographic vision for the Heinz global portfolio is that, three years from now, North America would represent approximately 50% of revenue and profit, Europe 30%, and all other nations would account for 20%.

As I mentioned earlier, our RICI markets show tremendous potential for growth. We expect to increase sales in these markets by more than 50% in Fiscal 2006. By the end of the year, they should account for roughly 6% of our sales, greatly increasing their importance to Heinz.

In Fiscal 2006, Heinz expects continued profit momentum in North America, with a rebound in Europe. The coming year will be one of change as we further simplify and streamline the organization and focus the international portfolio for faster growth. Our universal consumer proposition will be the same: Trusted brands that offer great taste, convenience and healthy nutrition.

Before concluding, I would like to add a personal note, which is to thank James M. Zimmerman, who decided to retire from the Board following seven years of distinguished service. Jim made many valuable contributions to Heinz, and we will miss him.

Finally, and most importantly, I would like to acknowledge the dedication and commitment of the thousands of Heinz employees who have made Heinz one of the best food companies in the world.

Bill Johnson

William R. Johnson
Chairman, President and Chief Executive Officer

Heinz® Brand Achieves Global Icon Status Based on Its Versatility and Ubiquity

Q&A WITH THE NEW ENGLAND CONSULTING GROUP'S GARY STIBEL

Gary M. Stibel
Founder and Principal
New England Consulting Group

The New England Consulting Group (NECG), one of the world's leading marketing management consulting firms, recently conducted an analysis of the Heinz® brand using its ∑ix ∑igma Branding Model. NECG found the "lifetime brand value" for Heinz to be more than $20 billion, thanks to its versatility, ubiquity and universal iconic status. For this model, the span for "lifetime" measurement conservatively comprises a 10-year period. This NECG valuation took into account consumer value; customer value in both retail and foodservice channels; and shareholder, supplier, employee and community value.

What characteristics make the Heinz® brand worth over $20 billion? There are three key reasons why the Heinz® brand is worth more than $20 billion. First of all, Heinz® is known for consistent quality products that stand the test of time, regardless of trends or fads. Second, Heinz® is the most popular brand in most of the categories and countries in which it competes, and Heinz®-branded products are found in more homes and restaurants than almost any other food brand. Finally, Heinz® is always associated with great taste, good times and family values.

How does the Heinz® brand compare to other global brands? Like other ubiquitous global brands, the iconic Heinz® keystone provides reassurance for consumers, customers and families across countries and cultures. However, unlike most other global brands, Heinz® has incredible versatility. For example, although Coke® is arguably the most recognized brand in the world, its value is limited to soft drinks and cola. Can you imagine a baby formula or soup under the Coke® name? Conversely, Heinz® is one of very few companies to power brand across countries and categories: ketchup in the United States (60% retail share), baby food in Australia (74% retail share), beans in the U.K. (67% retail share) among others.

How does NECG measure value? NECG uses its proprietary ∑ix ∑igma Branding Model. The model employs a holistic approach that not only measures value created for shareholders, but also for five other constituents. These include consumers (parents/families), customers (food retailers/restaurant operators), suppliers, employees and even the communities in which brands "live." As companies learn every day, they are only custodians of brands. The true owners are consumers, customers and the other constituents in the value chain.

You've used the phrase "iconic brand." What does this mean? To be an iconic brand, you have to stand for not only the tangible product or company, but also the feelings and emotions that consumers, customers and others experience when they use or even think about a brand. You don't just consume an iconic brand; you develop a relationship with it. An iconic brand makes a statement about its user; you aren't the same without it. When you serve a cola other than the global market leaders, how does that reflect on you? What does it say about the people you are serving? Ditto any ketchup other than Heinz®. But Heinz® is unique in that its iconic brand and keystone trademark span a number of product lines that have allowed Heinz® to become one of the most trusted brands in the world.

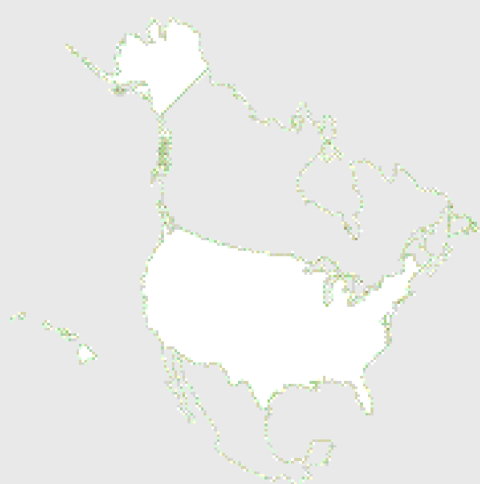
How did you estimate $20 billion? We start with the consumer, the most important constituent in the value chain. The monetary value of the Heinz® brand to the consumer is relatively easy to measure. With annual global sales of $3 billion, the consumer value is worth more than $1.5 billion per year. The emotional value is more difficult to quantify, yet we know that based on loyalties and long-standing consumer relationships, it's "priceless." Similarly, we have quantified the Heinz® brand's value to food retailers and restaurant operators at about $500 million, and this is tied to sales and profits. Very conservatively, we have not added the more emotional value related to the over one billion media impressions created simply by counting the highly visible Heinz® products that sit atop 100 million restaurant tables every day. And when it comes to shareholders, the value of the Heinz® brand is worth $500 million per year. Equally, we have estimated the cumulative value to suppliers, employees and communities to be conservatively worth another $500 million per year. Although it is likely that the value exceeds our estimates, in total, the iconic Heinz® brand adds at least $3 billion in value per year to the six constituents we measure. Based on these estimates, and at a discounted rate of 8% over a 10-year time frame, the total value of the Heinz® brand tops $20 billion. Adding the more emotional value of in-home family and foodservice guest preference for Heinz® could very well produce a lifetime value in excess of $50 billion.

Gold Medal Goodness

MILLIONS OF YOUNGSTERS IN CHINA EACH YEAR are introduced to Heinz® goodness. With China preparing to host the 2008 Summer Olympic Games, Heinz® will be there to help. China's world-class athletes already savor the great taste of Heinz® Ketchup and other products at the Heinz® Restaurant in the Beijing Olympic sports training center. As China's economic growth outpaces other nations, Chinese consumers are fast embracing new food tastes like never before. Heinz has responded through Heinz Cosco Tianjin Food Co., a joint venture that makes baby food, sauces, and vegetable and fruit purees. And, our new LongFong® frozen snacks serve up popular treats. Chinese families already trust Heinz®. As their tastes expand, they'll get to know many more of Heinz's medal-winning flavors.

Good Food, Every Day™ in China, Japan and the Philippines

A Heritage of Trust



AMERICA'S FAVORITE KETCHUP™ is one of the most popular and highly valued brands in the United States. Heinz® Ketchup—which holds a 60% retail market share and an 80% share in foodservice—is the variety most associated with the iconic Heinz® name. Found atop millions of restaurant tables across the country, the familiar Forever-Full™ ketchup bottle satisfies consumer tastes 24/7. Kitchen pantries throughout the United States are stocked with Heinz's heritage brands, including such category leaders as vinegar, cocktail sauce and chili sauce along with pickles, relishes, mustard and Heinz® 57 Sauce. Heinz® HomeStyle Gravy is yet another category leader and a staple at family dinners and special occasions. During 2005, Heinz re-launched its popular mustard on a national scale in a smart, new upside-down bottle. Americans know that where there's Heinz®, there's a heritage of trust.

Good Food, Every Day™ in the United States

A Precious Relationship

THE ASIA-PACIFIC REGION IS HOME to a diverse blend of tastes and cultures—from Japan to Indonesia to Australia and New Zealand. Here, too, Heinz® has a distinctive relationship with consumers, offering a fusion of flavors. Heinz® brands are family favorites throughout Australia, where larders are filled with Heinz® baked beans, pasta, tomato sauce, soup, baby food and meals & snacks, not to mention Heinz® Ketchup. Heinz baby foods hold a 74% share. Heinz® baked beans are number-one, boasting a 58% share. As palates grow more adventurous, Heinz has developed a line of Asian-style soups under its own name, giving the flavors instant credibility and establishing trust with consumers. Heinz® varieties are popular throughout Japan, South Korea, Singapore, Thailand, China and Malaysia. The Heinz® name represents the best in ketchup, pickles, chili sauce and infant feeding. In every market, Heinz® stands for premium quality and wholesome goodness.

Good Food, Every Day™ in Australia

Partnering for Great Taste

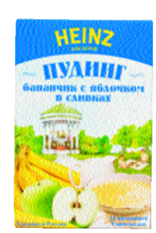
IN CANADA, IT'S NOT THE SAME WITHOUT IT—HEINZ® THAT IS. This is especially true if you stop by any one of the McDonald's® restaurants across the country. Heinz is the exclusive supplier of sauces, toppings and condiments for McDonald's® Restaurants of Canada Limited and an icon in ketchup, with a 78% retail market share. But it doesn't stop there. Heinz® is also the market leader in baby food and cereal, beans, pasta sauce, tomato juice and chili sauce. With 18 different sizes and flavors of beans, we serve up 45 million cans to 7 million Canadian households each year. Heinz Canada was among the first to pioneer food marketing using the message of good nutrition. We've never stopped innovating, most recently adding lightweight, safe and convenient plastic baby food packaging. And, we introduced a unique concept with Heinz® Vegetable Sauces, which add on-trend flavors to cooked vegetables.

Good Food, Every Day™ in Canada

Good Food and Good Times

GENERATIONS OF CONSUMERS THROUGHOUT THE UNITED KINGDOM have long accepted Heinz® as one of their own. In fact, many Britons will argue that Heinz is a British company because it is so identified with British history and culture. Heinz® baked beans have been a meal-time tradition for nearly a century. And now, through the *Good Food, Every Day*™ program, teens and youngsters are discovering the nutritional appeal of Heinz®. A perennial favorite, Heinz® Salad Cream tops virtually any food. The ever-broadening Heinz® soup range owns a 56% market share. School children love Heinz® pasta. And Heinz® Ketchup, the multinational leader, owns 78% of the market. In the U.K., whether you're young or just young at heart, Heinz® symbolizes good food and good times every day.

Good Food, Every Day™ in the U.K.



New Friends, New Possibilities

RUSSIA IS AN IMPORTANT EMERGING MARKET for Heinz and its iconic brands. Russia is now the second-largest ketchup and mayonnaise market in Europe. Recently, Heinz put finishing touches on a joint venture with Petrosoyuz, a top Russian-based producer of ketchup, sauces and condiments. It owns favorite names in ketchup, mayonnaise, spreads and margarines. These new products complement the established Heinz® Ketchup and Heinz® infant feeding franchises. It's no secret that, early on, Heinz adapted to local customs by offering Heinz® buckwheat varieties, a common Russian baby cereal. Through insight and acquisition, Heinz® is making new friends and entertaining new possibilities.

Universally Good Taste

INDIA, A LAND WITH TIME-HONORED CULINARY CUSTOMS, is another emerging marketplace for Heinz®. Indian consumers know the brand as the source of premium Heinz® Ketchup and Heinz® Chili Sauce. Heinz began producing tomato ketchup in India in 2000, only six years after entering the country. Since then, an increasing number of families are finding ways to make Heinz® Ketchup a regular at their dinner tables. Heinz has established a widespread distribution system and formed profitable partnerships through shops, food stalls and other outlets. To foster greater consumer loyalty, Heinz® is adapting to local cultures and building trust through good taste and nutrition.

Fiscal 2005 in Review

DELIVERING ON THE PROMISE OF THE STRATEGIC THREE-YEAR PLAN

Fiscal 2005 was the year H.J. Heinz Company delivered on the promise of a three-year plan announced in 2003. The company did so by strengthening its brands, enhancing the management team and streamlining the organization. Results came in the form of improved sales, volume, cash flow and EPS, thanks to a continued focus on the now-familiar Four Strategic Imperatives: drive profitable growth in our core businesses; simplify the businesses; reduce costs; and measure and recognize both performance and quality.

Sales rose 5.9% to $8.91 billion, and volume was up nearly 2%, driven by the top 15 power brands, which grew 7.1%, aided by a favorable foreign exchange rate. Approximately 90% of Heinz's economic profit was derived from ketchup, condiments & sauces; foodservice; meals & snacks; and infant feeding.

Strong sales and profit growth in North America, particularly at U.S. Consumer Products, made significant contributions to overall performance. This affirmed Heinz's decision to realign and simplify its North American portfolio. Concurrently, the company benefited from strong performances in Australia, New Zealand and in developing markets. Heinz India posted significant sales growth, as did affiliates in Poland, Russia and parts of Asia.

DRIVE PROFITABLE GROWTH Sales of the North American Consumer Products segment grew at 9.3% with a volume increase of 5.7%, led by significant growth in Ore-Ida® frozen potatoes, which benefited from the launch of the innovative Extra Crispy™ and microwaveable Easy Fries™ lines. Other top performers included Boston Market HomeStyle® meals; Delimex®, Bagel Bites® and T.G.I. Friday's® snacks; Classico® sauces; and Heinz® HomeStyle Gravy.

Gross profit likewise increased, aided by pricing initiatives tied to better trade management and customer service.

Consumption increases were impressive: Ore-Ida® potatoes rose 10%; Classico® sauces increased 6%; and Delimex®, T.G.I. Friday's® and Bagel Bites® snacks grew by 9%, 8% and 7%, respectively.

In the United States, Heinz® Ketchup continued its reign with a 60% retail market share, thanks in part to the popularity of its innovative Easy Squeeze!™ Upside-Down Ketchup.

In 2005, celebrities enjoyed their chance to "Say Something Ketchuppy" on labels. Soccer star Mia Hamm, Emmy Award-winning actor William Shatner, football Hall of Famer Terry Bradshaw and teen sensation Lindsay Lohan all went "on label" with their fondness for Heinz® Ketchup. They contributed such clever quotes as "Worthy of Gold," "Fixes Burgers at Warp Speed," "Served at the Immaculate Reception," and "Burger-licious."

Heinz U.S. Foodservice increased sales 5.3%, due to growth in Heinz® Ketchup, and to results from acquisitions, innovations, and a new sales program for soups, desserts and sauces. Operating income, excluding special items, increased almost 5%, principally because of favorable volume and pricing.

U.S. foodservice sales were enhanced with strong performances by the recently acquired Truesoups LLC, a maker of premium frozen soups. Our Canadian operations benefited from the Fiscal 2004 addition of Unifine Richardson B.V., which offers salad dressings, sauces and dessert toppings.

During Fiscal 2005, the U.S. foodservice division acquired Chicago-based Appetizers And, Inc., a maker and marketer of high-quality, frozen hors d'oeuvres. The acquisition expanded Heinz's presence into the fast-growth, upscale hors d'oeuvres segment, a $1.5 billion category. For the first time, Heinz established a foodservice presence in Mexico when it acquired the Guadalajara-based maker of ABAL® and Chamula® portion-pack ketchup, condiments and sauces.

Heinz Europe's sales rose 4.9% in Fiscal 2005, driven by favorable foreign exchange rates of 7.5%. While overall volume was even with the prior year, Heinz® Ketchup grew impressively due to the innovative Top-Down™ bottle, and ready-to-serve soups also showed growth. Ketchup continues to thrive in all markets and earned record market shares throughout Europe, leading the way with 78% in the U.K., 73% in Belgium, 66% in Switzerland and 63% in the Netherlands.

Targeting the larger European region, Heinz originated a new packaging concept for foodservice units. The single-serve pack is distributed at cafes, pubs and restaurants throughout the U.K., Ireland, France, Belgium, Germany, Spain and the Netherlands. The simple-to-open Heinz® SqueezeMe!™ sachet allows consumers to better control portion size. And, each unit contains three times the amount of sauce as regular sachets. SqueezeMe!™ comes with popular condiments, including ketchup; mayonnaise; salad cream; and tartar, brown and barbecue sauces.

Like its peers, Heinz faced consumer challenges throughout Europe. These centered on the non-core businesses of seafood and frozen entrées in the U.K. and jarred vegetables in Northern Europe. The company also faced market pressures in the Netherlands. Heinz® remains the top brand in the U.K. and its condiment and sauce brands continue to perform well, despite the fact that the affiliate's overall performance fell short of plans.

Eastern Europe has shown promise with strong results from Poland and with the acquisition, in early Fiscal 2006, of a majority stake in Petrosoyuz, a leading Russian producer of ketchup, condiments and sauces.

In the Asia-Pacific region, sales rose 3.9% with the benefit of foreign exchange. The uptick was attributable chiefly to new varieties in the frozen foods and convenience meals categories in Australia and New Zealand.

Creative marketing and product innovation helped drive growth in Heinz® soups and beans in Australia. In New Zealand, Wattie's® grew sales in soups, beans and spaghetti meals through inventive recipes and strong trade support. In China, Heinz stayed true to its core strategy by acquiring a controlling interest in Shanghai LongFong Foods, a maker of popular frozen snacks.

These gains were offset somewhat by pricing pressures faced by the Tegel® poultry business in New Zealand, and decreases in infant feeding sales in Australia and China.

SIMPLIFY THE BUSINESSES The success of the Heinz strategic plan is rooted in the imperative to simplify the business. This involves reducing bureaucracy, cutting costs and streamlining business processes and operations. Heinz began a strategic review of its international operations to explore the benefits of a leaner portfolio of power brands in the core categories of ketchup, condiments & sauces; foodservice; infant nutrition; and quick-serve meals & snacks.

At year-end, Heinz decided to seek a buyer for the HAK® jarred and canned vegetable line in the Netherlands. As a result, Heinz took a $27 million write-down related to the planned sale. In addition to HAK®, the strategic review encompasses Heinz's non-core seafood and frozen businesses in Europe and its Tegel® poultry business in New Zealand.

Stateside, the company took a non-cash $9.3 million write-down related to its equity investment in a business-to-business e-commerce enterprise. In accordance with accounting rules, Heinz was required to book a non-cash write-down of $64.5 million in relation to its equity stake in The Hain Celestial Group Inc., which operates in the natural and organic categories.

Heinz U.S. Consumer Products further improved its mix through the divestitures of Ethnic Gourmet Foods® and Rosetto® pasta. In Asia-Pacific, Heinz discontinued an Indonesian energy drink and divested a Korean oils and fats unit.

REDUCE COSTS Cost reduction has long been a focus of the company and the action has yielded significant returns. Heinz held tight on capital spending and on procurement and manufacturing costs.

Operating income (excluding special items) increased, while operating free cash flow (cash provided by operations less capital expenditures) was strong at $920 million. Heinz saw a six-day improvement in the cash conversion cycle. Since the year prior to the spin-off of non-core operations to Del Monte Foods Company, the cash conversion cycle has been reduced by 34 days.

The company achieved all of these results in spite of an operating environment marked by higher commodity, fuel and pension costs, and professional fees related to various projects throughout the company, including compliance with Section 404 of the Sarbanes-Oxley Act.

MEASURE AND RECOGNIZE PERFORMANCE AND QUALITY The company continued to assess performance with its Performance Scorecard. This balanced scorecard and our compensation system supports the Four Strategic Imperatives and helps to align employee actions and compensation with sales, cash and earnings targets.

The company greatly limited the use of stock options as compensation, instead relying on a long-term incentive program that compensates executives in cash and/or stock for superior operating results. This incentive program was designed to improve compensation transparency and support shareholder value.

The company presented its Chairman's Imperatives Awards to 60 executives in recognition of their efforts. Through the "CEO Academy," managers received extended time for personal exchange and interaction with Heinz CEO Bill Johnson.

Within the U.S. Consumer Products organization, 12 staff members earned Henry Awards, which recognize those who carry on Henry J. Heinz's traditions of hard work, superior quality and innovation. Heinz Europe's Premier Awards saluted 35 employees for their contributions.

Heinz invested in quality with the design of a world-class facility to be known as The Heinz Food Innovation and Quality Center. The 100,000-square-foot facility, located near Pittsburgh, will house the International Center of Excellence for Ketchup, Condiments & Sauces. It will be Heinz's global hub for research, hosting more than 100 chefs, food technologists, researchers and package designers, plus experts in nutrition, cuisine and quality assurance.

CORPORATE GOVERNANCE Heinz adheres to the highest principles and practices of corporate governance. The www.heinz.com website continued to provide ready public access to all material information and to the company's Global Operating Principles, Supplier Guiding Principles, vision and values. Heinz became the only large-cap U.S.-based food company listed in the Dow Jones Sustainability Index. Institutional Shareholder Services, a leading shareholders' rights organization, ranked Heinz ahead of 98.4% of all S&P 500 food, beverage and tobacco companies in corporate governance. Additionally, Heinz was listed in the Calvert Social Index, a benchmark for measuring U.S.-based socially responsible companies; and the Domini 400 Social Index, a market cap-weighted index in social responsibility policies and practices.

Living Better, Living Stronger

HEINZ'S HEALTH AND NUTRITION COMMITMENT TO THE COMMUNITY

We take seriously our responsibilities to the community. Through programs at each of our affiliates, we affirm Heinz's commitment to health and nutrition and to the highest of ethical standards.

$10 MILLION IN CONTRIBUTIONS During the year, the H.J. Heinz Company Foundation and the company's many philanthropic programs provided grants and in-kind contributions in excess of $10 million. The Foundation focuses on the areas of nutrition, youth & education, diversity, healthy children & families, quality of life and volunteerism. It provided financial support to more than 150 organizations.

Heinz affiliates and employees worldwide joined with the Foundation to provide more than $500,000 in supplies and financial support to tsunami relief efforts.

Volunteer initiatives included the "Heinz HELPS" program, which matches employee volunteerism with Foundation grants. Heinz Help@Hand is a Heinz Australia endeavor that matches charitable funds raised by employees. In Britain, our signature high school venture earned the Business Partnership Award for Heinz U.K. The Foundation provides scholarship, mentoring and internships to disadvantaged students through the Heinz Scholars program at Washington And Lee University.

HEINZ AND SPRINKLES At the center of philanthropic activities is the Sprinkles Global Health Initiative (SGHI). It is a Toronto-based organization that distributes iron and vitamin supplements to malnourished children and pregnant and nursing mothers. SGHI has received more than $2 million in assistance from the Foundation and Heinz executives in North America, India, Italy, the U.K. and elsewhere. SGHI is the only aid organization to provide nutrient fortification that can be sprinkled on home-prepared foods, such as rice, porridge and congee.

SGHI distributes supplements in more than a score of emerging nations. SGHI has earned recognition for its international reach and its ability to adapt its marketing and supply systems to various cultures. The supplement is known by an assortment of names, including BabyFer® in Haiti, SuppleForte® in Canada, SuppleFem® for mothers in Pakistan, and Sprinkles® in Ghana. In Guyana, Sprinkles® are offered to every child through the government health ministry. A multiple micronutrient supplement, trademarked Vitalita®, is distributed in Indonesia and endorsed by UNICEF.

Heinz remains one of the world's most recognized authorities on infant health and nutrition. The Heinz Institute of Nutritional Sciences (HINS) regularly conducts seminars for pediatricians and other health authorities. Research initiatives span many nations and scientific disciplines. Its many studies include those on Omega 3 fatty acids in baby food (Italy), bioavailability of iron in infant cereal (China), nutrition in rural areas and congested urban settings (Thailand), and fatty acid intake during pregnancy (Australia), to name but a few.

The company has been the foremost proponent of lycopene and its relationship to decreases in cancer and other diseases. Lycopene is an antioxidant abundant in tomatoes; it is made even easier for the body to absorb when the tomatoes are cooked in such Heinz® products as ketchup, soups, juices and Classico® sauces. Other research initiatives involve the nutritional value of beans, one of Heinz's most popular products.

Heinz is the first company to fortify soy sauce with iron on a national scale in Indonesia. This is a significant step in helping to reduce anemia and iron deficiency in regions where soy sauce is a part of daily meals. Heinz's ABC® is the second largest soy sauce brand in the world.

THE ENVIRONMENT Heinz, for generations, has remained dedicated to sustainable agricultural practices, including integrated pest management. Field training has been helpful to farmers in the U.S., Spain, Portugal, China and elsewhere.

Local programs include recycling projects in Muscatine, Iowa; and energy and water reduction activities at Pocatello, Idaho. An inventive beautification project in Holland, Michigan, reused wooden pickle salting tanks for a lake-side fence and walkway.

During the year, a global program cut the number of environmental incidents by 58% and recognized more than $5.5 million in savings. In Tennessee, the Nashville factory earned the Governor's Award for Excellence in Hazardous Waste Management. *Refrigerated and Frozen Foods* magazine saluted the Ontario, Oregon potato facility as a Plant of the Year. The Dundalk, Ireland frozen foods operation was honored with the REPAK national recycling award. In Australia, the Echuca plant was recognized with the 2004 Environmental Achiever Award. Nearly 30 Heinz sites in Europe attained certification with the environmental standard ISO 14001.

Employee safety is a paramount concern. Our total recordable incident rate dropped 20% worldwide in Fiscal 2005. A global team manages a high-level systematic program to reduce injuries and illnesses.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 27, 2005

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission File Number 1-3385

H. J. HEINZ COMPANY

(Exact name of registrant as specified in its charter)

PENNSYLVANIA (State of Incorporation)	**25-0542520** (I.R.S. Employer Identification No.)
600 Grant Street, **Pittsburgh, Pennsylvania** (Address of principal executive offices)	**15219** (Zip Code)

412-456-5700

(Registrant's telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	*Name of each exchange on which registered*
Common Stock, par value $.25 per share	The New York Stock Exchange; Pacific Exchange
Third Cumulative Preferred Stock, $1.70 First Series, par value $10 per share	The New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [✓]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ✓ No __

As of October 27, 2004 the aggregate market value of the Registrant's voting stock held by non-affiliates of the Registrant was approximately $12,361,465,110.

The number of shares of the Registrant's Common Stock, par value $.25 per share, outstanding as of May 31, 2005, was 347,553,381 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on August 23, 2005, which will be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year ended April 27, 2005, are incorporated into Part III, Items 10, 11, 12, 13, and 14.

PART I

Item 1. Business.

H. J. Heinz Company was incorporated in Pennsylvania on July 27, 1900. In 1905, it succeeded to the business of a partnership operating under the same name which had developed from a food business founded in 1869 in Sharpsburg, Pennsylvania by Henry J. Heinz. H. J. Heinz Company and its subsidiaries (collectively, the "Company") manufacture and market an extensive line of processed food products throughout the world. The Company's principal products include ketchup, condiments and sauces, frozen food, soups, beans and pasta meals, tuna and other seafood products, infant food and other processed food products.

The Company's products are manufactured and packaged to provide safe, wholesome foods for consumers, foodservice and institutional customers. Many products are prepared from recipes developed in the Company's research laboratories and experimental kitchens. Ingredients are carefully selected, washed, trimmed, inspected and passed on to modern factory kitchens where they are processed, after which the intermediate product is filled automatically into containers of glass, metal, plastic, paper or fiberboard, which are then closed. Products are processed by sterilization, homogenization, chilling, freezing, pickling, drying, freeze drying, baking or extruding, then labeled and cased for market.

The Company manufactures and contracts for the manufacture of its products from a wide variety of raw foods. Pre-season contracts are made with farmers for a portion of raw materials such as tomatoes, cucumbers, potatoes, onions and some other fruits and vegetables. Dairy products, meat, sugar, spices, flour and certain other fruits and vegetables are generally purchased on the open market. Tuna is obtained through spot and term contracts directly with tuna vessel owners or their cooperatives and by brokered transactions.

The following table lists the number of the Company's principal food processing factories and major trademarks by region:

	Factories		
	Owned	*Leased*	*Major Trademarks*
North America	24	4	*Heinz, Classico, Quality Chef, Yoshida, Jack Daniels**, Catelli, Wyler's, Diana Sauce, Bell 'Orto, Bella Rossa, Chef Francisco, Dianne's, Ore-Ida, Tater Tots, Bagel Bites, Weight Watchers*, Boston Market*, Smart Ones, Hot Bites, Poppers, TGI Friday's*, Delimex, Truesoups, Alden Merrell, Escalon, PPI, Todd's*
Europe	31	1	*Heinz, Petit Navire, John West, Mare D'Oro, Mareblu, Marie Elisabeth, Orlando, Guloso, Linda McCartney*, Weight Watchers*, Farley's, Farex, Sonnen Basserman, Plasmon, Nipiol, Dieterba, Ortobuono, Pudliszki, Ross, HAK, Honig, De Ruijter, Aunt Bessie*, Mum's Own, Moya Sem'ya, Picador, Derevenskoe, Mechta Hoziayki*
Asia/Pacific	24	2	*Heinz, Tom Piper, Wattie's, ABC, Tegel, Chef, Champ, Craig's, Bruno, Winna, Hellaby, Hamper, Farley's, Greenseas, Gourmet, Nurture*
Other Operating Entities	10	5	*Heinz, Olivine, Wellington's, Ganave, Champs, Royal Pacific, John West, Complan*
	89	12	** Used under license*

The Company also owns or leases office space, warehouses, distribution centers and research and other facilities throughout the world. The Company's food processing plants and principal properties are in good condition and are satisfactory for the purposes for which they are being utilized.

The Company has participated in the development of certain of its food processing equipment, some of which is patented. The Company regards these patents as important but does not consider any one or group of them to be materially important to its business as a whole.

Although crops constituting some of the Company's raw food ingredients are harvested on a seasonal basis, most of the Company's products are produced throughout the year. Seasonal factors inherent in the business have always influenced the quarterly sales and net income of the Company. Consequently, comparisons between quarters have always been more meaningful when made between the same quarters of prior years.

The products of the Company are sold under highly competitive conditions, with many large and small competitors. The Company regards its principal competition to be other manufacturers of processed foods, including branded retail products, foodservice products and private label products, that compete with the Company for consumer preference, distribution, shelf space and merchandising support. Product quality and consumer value are important areas of competition.

The Company's products are sold through its own sales force and through independent brokers, agents and distributors to chain, wholesale, cooperative and independent grocery accounts, convenience stores, bakeries, pharmacies, mass merchants, club stores, foodservice distributors and institutions, including hotels, restaurants, hospitals, health-care facilities, and certain government agencies. For Fiscal Year 2005, no single customer represented more than 10% of the Company's sales.

Compliance with the provisions of national, state and local environmental laws and regulations has not had a material effect upon the capital expenditures, earnings or competitive position of the Company. The Company's estimated capital expenditures for environmental control facilities for the remainder of Fiscal Year 2006 and the succeeding fiscal year are not material and are not expected to materially affect either the earnings or competitive position of the Company.

The Company's factories are subject to inspections by various governmental agencies, including the United States Department of Agriculture, and the Occupational Health and Safety Administration, and its products must comply with the applicable laws, including food and drug laws, such as the Federal Food and Cosmetic Act of 1938, as amended, and the Federal Fair Packaging or Labeling Act of 1966, as amended, of the jurisdictions in which they are manufactured and marketed.

The Company employed, on a full-time basis as of April 27, 2005, approximately 41,000 persons around the world.

Segment information is set forth in this report on pages 61 through 63 in Note 15, "Segment Information" in Item 8—"Financial Statements and Supplementary Data."

Income from international operations is subject to fluctuation in currency values, export and import restrictions, foreign ownership restrictions, economic controls and other factors. From time to time, exchange restrictions imposed by various countries have restricted the transfer of funds between countries and between the Company and its subsidiaries. To date, such exchange restrictions have not had a material adverse effect on the Company's operations.

CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its represent-

atives may from time to time make written or oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to shareholders. These forward-looking statements are based on management's views and assumptions of future events and financial performance. The words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "should," "estimate," "project," "target," "goal", "outlook" or similar expressions identify "forward-looking statements" within the meaning of the Act.

In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These forward-looking statements are uncertain. The risks and uncertainties that may affect operations and financial performance and other activities, some of which may be beyond the control of the Company, include the following:

- Changes in laws and regulations, including changes in food and drug laws, accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions;
- Competitive product and pricing pressures and the Company's ability to gain or maintain share of sales as a result of actions by competitors and others;
- Fluctuations in the cost and availability of raw materials and the Company's ability to maintain favorable supplier arrangements and relationships;
- The impact of higher energy costs and other factors affecting the cost of producing, transporting and distributing the Company's products;
- The Company's ability to generate sufficient cash flows to support capital expenditures, share repurchase programs, interest and debt principal repayment and general operating activities;
- The inherent risks in the marketplace associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance, as well as changes in consumer preference and the ability to anticipate and respond to consumer trends;
- The Company's ability to achieve sales and earnings forecasts, which are based on assumptions about sales volume, product mix and other items;
- The Company's ability to integrate acquisitions and joint ventures into its existing operations, the availability of new acquisition and joint venture opportunities and the success of acquisitions, joint ventures, divestitures and other business combinations;
- The Company's ability to achieve its cost savings objectives, including any restructuring programs, strategic initiatives, working capital initiatives or other programs;
- The impact of unforeseen economic and political changes in markets where the Company competes, such as export and import restrictions, currency exchange rates and restrictions, inflation rates, recession, foreign ownership restrictions, nationalization and other external factors over which the Company has no control;
- The possibility of increased pension expense and contributions resulting from declines in stock market returns and cost increases for medical benefits;
- The performance of businesses in hyperinflationary environments;
- The effect of any recalls of products;
- Changes in estimates in critical accounting judgments;
- Interest rate fluctuations and other capital market conditions;

- The effectiveness of the Company's advertising, marketing and promotional programs;
- Weather conditions, which could impact demand for Company products and the supply and cost of raw materials;
- The impact of supply chain efficiency and cash flow initiatives;
- Potential impairment of investments;
- Risks inherent in litigation;
- The Company's ability to maintain its profit margin in the face of a consolidating retail environment and large global customers;
- The impact of global industry conditions, including the effect of the economic downturn in the food industry; and
- The Company's ability to offset the reduction in volume and revenue resulting from participation in categories experiencing declining consumption rates.

The foregoing list of important factors is not exclusive. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performance and speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the securities laws.

Item 2. Properties.

See table in Item 1.

Item 3. Legal Proceedings.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

The Company has not submitted any matters to a vote of security holders since the last annual meeting of shareholders on September 8, 2004.

Executive Officers of the Registrant

The following is a list of the names and ages of all of the executive officers of H. J. Heinz Company indicating all positions and offices held by each such person and each such person's principal occupations or employment during the past five years. All the executive officers have been elected to serve until the next annual election of officers, until their successors are elected, or until their earlier resignation or removal. The annual election of officers is scheduled to occur on August 23, 2005.

Name	*Age (as of August 23, 2005)*	*Positions and Offices Held with the Company and Principal Occupations or Employment During Past Five Years*
William R. Johnson	56	Chairman, President, and Chief Executive Officer since September 2000; President and Chief Executive Officer from April 1998 to September 2000.
Jeffrey P. Berger	55	Executive Vice President—Global Foodservice and President and CEO-Heinz North America Foodservice since May 2005; President Foodservice from January 2003 to May 2005; President Heinz US Foodservice from 1994 to January 2003.
David C. Moran	47	Senior Vice President—President Heinz Consumer Products since May 2005; President Consumer Products from January 2003 to May 2005; President Heinz Retail Sales Company from October 1999 to January 2003.
Joseph Jimenez	45	Executive Vice President—President and Chief Executive Officer Heinz Europe since July 2002; Senior Vice President and President—Heinz North America from September 2001 to July 2002; President and Chief Executive Officer—Heinz North America from November 1998 to September 2001.
Arthur B. Winkleblack	48	Executive Vice President and Chief Financial Officer since January 2002; Acting Chief Operating Officer—Perform.com and Chief Executive Officer—Freeride.com at Indigo Capital (1999-2001).
Michael J. Bertasso*	55	Senior Vice President—President Heinz Asia/Pacific from September 2002 to June 2005; Senior Vice President—Strategy, Process and Business Development from May 1998 to September 2002.
Theodore N. Bobby	54	Senior Vice President and General Counsel since April 2005; Acting General Counsel from January 2005 to April 2005; Vice President—Legal Affairs from September 1999 to January 2005.
Edward J. McMenamin	48	Senior Vice President—Finance and Corporate Controller since August 2004; Vice President Finance from June 2001 to August 2004; Vice President Finance and Chief Financial Officer of Heinz North America from May 2000 to June 2001.

Name	Age (as of August 23, 2005)	Positions and Offices Held with the Company and Principal Occupations or Employment During Past Five Years
Michael D. Milone	49	Senior Vice President—President Rest of World and Asia since May 2005; Senior Vice President—President Rest of World from December 2003 to May 2005; Chief Executive Officer Star-Kist Foods, Inc. from June 2002 to December 2003; Vice President—Global Category Development from May 1998 to June 2002.
D. Edward I. Smyth	55	Senior Vice President—Chief Administrative Officer and Corporate and Government Affairs since December 2002; Senior Vice President—Corporate and Government Affairs from May 1998 to December 2002.

* Mr. Bertasso retired from the Company in June 2005.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Information relating to the Company's common stock is set forth in this report on pages 27 through 28 under the caption "Stock Market Information" in Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations", and on page 64 in Note 16, "Quarterly Results" in Item 8—"Financial Statements and Supplementary Data."

In the fourth quarter of Fiscal 2005, the Company repurchased the following number of shares of its common stock:

Period	*Total Number of Shares Purchased*	*Average Price Paid per Share*	*Total Number of Shares Purchased as Part of Publicly Announced Programs*	*Maximum Number of Shares that May Yet Be Purchased Under the Programs*
January 27, 2005 - February 23, 2005	—	—	—	—
February 24, 2005 - March 23, 2005	821,100	$36.77	—	—
March 24, 2005 April 27, 2005	2,528,900	$36.43	—	—
Total	3,350,000	$36.52	—	—

The shares repurchased were acquired under the share repurchase program authorized by the Board of Directors on January 14, 2004 for a maximum of 15 million shares. All repurchases were made in open market transactions. As of April 27, 2005, the maximum number of shares that may yet be purchased under the 2004 program is 6,996,392. In addition, on June 8, 2005, the Board of Directors authorized a share repurchase program of up to 30 million shares, all of which may yet be purchased under the program.

Item 6. Selected Financial Data.

The following table presents selected consolidated financial data for the Company and its subsidiaries for each of the five fiscal years 2001 through 2005. All amounts are in thousands except per share data.

	Fiscal Year Ended				
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*	*May 1, 2002 (52 Weeks)*	*May 2, 2001 (52 Weeks)*
Sales	$8,912,297	$8,414,538	$8,236,836	$7,614,036	$6,987,698
Interest expense	232,431	211,826	223,532	230,611	262,488
Income from continuing operations before cumulative effect of change in accounting principle	735,822	778,933	555,359	675,181	563,931
Income from continuing operations before cumulative effect of change in accounting principle per share—diluted	2.08	2.20	1.57	1.91	1.61
Income from continuing operations before cumulative effect of change in accounting principle per share—basic	2.10	2.21	1.58	1.93	1.62
Short-term debt and current portion of long-term debt	573,269	436,450	154,786	702,645	1,870,834
Long-term debt, exclusive of current portion(1)	4,121,984	4,537,980	4,776,143	4,642,968	3,014,853
Total assets	10,577,718	9,877,189	9,224,751	10,278,354	9,035,150
Cash dividends per common share	1.14	1.08	1.485	1.6075	1.545

(1) Long-term debt, exclusive of current portion, includes $186.1 million, $125.3 million, $294.8 million and $23.6 million of hedge accounting adjustments associated with interest rate swaps at April 27, 2005, April 28, 2004, April 30, 2003 and May 1, 2002, respectively. There were no interest rate swaps at May 2, 2001. Long-term debt reflects the prospective classification of Heinz Finance Company's $325 million of mandatorily redeemable preferred shares from minority interest to long-term debt beginning in the second quarter of Fiscal 2004 as a result of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 150.

Fiscal 2005 results from continuing operations include a $64.5 million non-cash impairment charge for the Company's equity investment in The Hain Celestial Group, Inc. ("Hain") and a $9.3 million non-cash charge to recognize the impairment of a cost-basis investment in a grocery industry sponsored e-commerce business venture. There was no tax benefit associated with these impairment charges. Fiscal 2005 also includes a $27.0 million pre-tax ($18.0 million after-tax) non-cash asset impairment charge related to the anticipated disposition of the HAK vegetable product line in Northern Europe early in Fiscal 2006.

Fiscal 2004 results from continuing operations include a gain of $26.3 million ($13.3 million after-tax) related to the disposal of the bakery business in Northern Europe, costs of $17.1 million pretax ($11.0 million after-tax), primarily due to employee termination and severance costs related

to on-going efforts to reduce overhead costs, and $4.0 million pretax ($2.8 million after-tax) due to the write down of pizza crust assets in the United Kingdom.

Fiscal 2003 results from continuing operations include costs related to the Del Monte transaction and costs to reduce overhead of the remaining businesses totaling $164.6 million pretax ($113.1 million after-tax). These include employee termination and severance costs, legal and other professional service costs and costs related to the early extinguishment of debt. In addition, Fiscal 2003 includes losses on the exit of non-strategic businesses of $62.4 million pretax ($49.3 million after-tax).

Fiscal 2002 results from continuing operations include net restructuring and implementation costs of $12.4 million pretax ($8.9 million after-tax) for the Streamline initiative.

Fiscal 2001 results from continuing operations include restructuring and implementation costs of $101.4 million pretax ($69.0 million after-tax) for the Streamline initiative, net restructuring and implementation costs of $146.5 million pretax ($91.2 million after-tax) for Operation Excel, a benefit of $93.2 million from tax planning and new tax legislation in Italy, a loss of $94.6 million pretax ($66.2 million after-tax) on the sale of The All American Gourmet business, company acquisition costs of $18.5 million pretax ($11.7 million after-tax), the after-tax impact of adopting Staff Accounting Bulletin ("SAB") No. 101 and Statement of Financial Accounting Standards ("SFAS") No. 133 of $15.3 million and a loss of $5.6 million pretax ($3.5 million after-tax) which represents the Company's equity loss associated with The Hain Celestial Group's fourth quarter results which included charges for its merger with Celestial Seasonings.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Special Items

Asset impairments

In the fourth quarter of Fiscal 2005, the Company recognized a non-cash asset impairment charge of $27.0 million pre-tax ($18.0 million after-tax) on the HAK vegetable product line in Northern Europe. The charge, which is recorded as a component of cost of products sold, relates to the anticipated sale of the product line in early Fiscal 2006.

The Company holds an equity investment in The Hain Celestial Group, Inc. ("Hain"), a natural, specialty and snack food company. Hain shares traded at less than 80% of Heinz's carrying value since late January 2004. Due to the length of time and the amount that Hain stock had traded below the Company's basis, the Company determined that the decline was other-than-temporary as defined by Accounting Principles Board Opinion No. 18 and as a result, recognized a $64.5 million non-cash impairment charge during the third quarter of Fiscal 2005. The charge reduced Heinz's carrying value in Hain to fair market value as of January 26, 2005, with no resulting impact on cash flows. Heinz currently owns approximately six million shares of Hain stock, with a book value of approximately $20.00 per share as of April 27, 2005. In the future, should the market value of Hain common stock decline and remain below current market value for a substantial time, the Company could be required to record additional writedowns of its investment in Hain. The Company also recorded a $9.3 million non-cash charge in the third quarter of Fiscal 2005 to recognize the impairment of a cost-basis investment in a grocery industry-sponsored e-commerce business venture. There was no tax benefit associated with these impairment charges.

Discontinued operations

On December 20, 2002, Heinz transferred to a wholly-owned subsidiary ("SKF Foods") certain assets and liabilities, including its U.S. and Canadian pet food and pet snacks, U.S. tuna, U.S. retail private label soup and private label gravy, *College Inn* broths and its U.S. infant feeding businesses and distributed all of the shares of SKF Foods common stock on a pro rata basis to its shareholders. Immediately thereafter, SKF Foods merged with a wholly-owned subsidiary of Del Monte Foods Company ("Del Monte") resulting in SKF Foods becoming a wholly-owned subsidiary of Del Monte.

In accordance with accounting principles generally accepted in the United States of America, the operating results related to these businesses spun off to Del Monte have been treated as discontinued operations in the Company's consolidated statements of income. Net income from discontinued operations for the years ended April 27, 2005 and April 28, 2004 was $16.9 million and $25.3 million, respectively, and reflects the favorable settlement of tax liabilities related to the businesses spun-off to Del Monte on December 20, 2002. The discontinued operations generated sales of $1,091.3 million and net income of $88.7 million (net of $35.4 million in tax) for Fiscal 2003.

Divestitures and Other Reorganization Costs

During the first quarter of Fiscal 2004, the Company sold its bakery business in Northern Europe for $57.9 million. The transaction resulted in a pretax gain of $26.3 million ($13.3 million after tax), which was recorded as a component of selling, general and administrative expenses ("SG&A"). This sale impacted approximately 70 employees.

During Fiscal 2004, the Company recognized $17.1 million pretax ($11.0 million after tax) of reorganization costs. These costs were recorded as a component of SG&A and were primarily due to employee termination and severance costs. Also, during Fiscal 2004, the Company wrote down pizza crust assets in the United Kingdom totaling $4.0 million pretax ($2.8 million after-tax) which

have been included as a component of cost of products sold. Management estimates that these actions impacted approximately 100 employees.

In Fiscal 2003, Del Monte transaction costs and costs to reduce overhead of the remaining business totaled $164.6 million pretax ($113.1 million after-tax) and were comprised of $61.8 million for legal, professional and other related costs, $51.3 million in employee termination and severance costs, $39.6 million related to the early retirement of debt, and $12.0 million in non-cash asset write-downs. Of this amount, $6.1 million was included in cost of products sold, $118.9 million in SG&A, and $39.6 million in other expense, net. Management estimates that these actions impacted approximately 400 employees excluding those who were transferred to Del Monte.

In Fiscal 2003, losses on the exit of non-strategic businesses, primarily the UK frozen pizza business and a North American fish and frozen vegetable business, totaled $62.4 million pretax ($49.3 million after-tax), and were comprised of $39.7 million in non-cash asset write-downs, $12.1 million in losses on the sale of businesses and $10.6 million in employee termination, severance and other exit costs. Of these amounts, $47.3 million was included in cost of products sold and $15.1 million in SG&A. Management estimates that these actions impacted approximately 600 employees.

During Fiscal 2005, the Company utilized $9.9 million of severance and exit cost accruals related to reorganization costs.

Results of Continuing Operations

Fiscal Years Ended April 27, 2005 and April 28, 2004

Sales for Fiscal 2005 increased $497.8 million, or 5.9%, to $8.91 billion. Sales were favorably impacted by volume growth of 1.9% and exchange translation rates of 3.9%. The favorable volume was primarily a result of strong increases in the North American Consumer Products and U.S. Foodservice segments. Lower pricing decreased sales by 0.2%, principally due to the restage of our Italian infant nutrition business, market price pressures impacting the *Tegel* poultry business in New Zealand and the trade in Northern Europe, and a $34.1 million charge for trade spending for the Italian infant nutrition business. The trade spending charge in the Italian infant nutrition business related to prior years and reflected an under-accrual quantified as the Company was upgrading trade management processes and systems in Italy. These price decreases were partially offset by the North American Consumer Products and U.S. Foodservice segments and U.K. convenience meals. Acquisitions, net of divestitures, increased sales by 0.3%. Domestic operations contributed approximately 38% of consolidated sales in Fiscal 2005 and Fiscal 2004.

Gross profit increased $118.1 million, or 3.8%, to $3.21 billion; the gross profit margin decreased to 36.0% from 36.7%. The decrease in the gross profit margin is mainly due to increased commodity and fuel costs, lower pricing as discussed above, increased production costs in the European seafood business and a $27.0 million non-cash asset impairment charge related to the anticipated disposition of the HAK vegetable product line in Northern Europe in early Fiscal 2006. The 3.8% increase in gross profit is primarily a result of higher volume and favorable exchange translation rates. Last year's gross profit was unfavorably impacted by the write down of U.K. pizza crust assets totaling $4.0 million.

SG&A increased $142.5 million, or 8.3%, to $1.85 billion, and increased as a percentage of sales to 20.8% from 20.3%. The increase as a percentage of sales is primarily due to the $26.3 million gain recorded on the sale of the Northern European bakery business in the prior year and increased Selling and Distribution costs ("S&D") and General and Administrative expenses ("G&A") in the current year. The increase in S&D is largely a result of higher fuel and transportation costs, and the increase in G&A is chiefly due to employee-related and litigation costs, and professional fees related to various projects across the Company, including increased administrative costs associated with Section 404 of Sarbanes-Oxley. These increases were partially offset by

decreased marketing expense, primarily in Europe. Last year's SG&A was unfavorably impacted by reorganization costs totaling $17.1 million. Operating income decreased $24.4 million, or 1.8%, to $1.35 billion.

Total marketing support (recorded as a reduction of revenue or as a component of SG&A) increased $82.0 million, or 3.4%, to $2.52 billion on a sales increase of 5.9%. Marketing support recorded as a reduction of revenue, typically deals and allowances, increased $98.9 million, or 4.6%, to $2.23 billion, which is largely a result of foreign exchange translation rates, the Italian infant nutrition business, and increased promotional spending in European seafood and *Tegel* poultry in New Zealand, partially offset by reduced trade promotion spending in the U.S. Consumer Products and the U.K. businesses. Marketing support recorded as a component of SG&A decreased $16.9 million, or 5.7%, to $282.8 million, primarily in the Europe segment.

Net interest expense increased $16.1 million, to $204.7 million. Net interest expense was unfavorably impacted by higher interest rates during Fiscal 2005, partially offset by the benefits of lower average net debt. Fiscal 2005 income from continuing operations was also unfavorably impacted by the $73.8 million non-cash impairment charges discussed previously. Other expenses, net, decreased $4.5 million, resulting primarily from the impact of the adoption of Statement of Financial Accounting Standard ("SFAS") No. 150 (see below for further discussion) beginning in the second quarter of Fiscal 2004.

The effective tax rate for the current year was 30.5% compared to 33.3% last year. The reduction in the effective tax rate is attributable to changes to the capital structure in several foreign subsidiaries, tax credits resulting from tax planning associated with a change in certain foreign tax legislation, reduction of the charge associated with remittance of foreign dividends and the settlement of tax audits, partially offset by the impairment charges and other operating losses for which no tax benefit can currently be recorded. In addition, the prior year effective tax rate was unfavorably impacted by 0.4 percentage points due to the sale of the Northern European bakery business.

Income from continuing operations for Fiscal 2005 was $735.8 million compared to $778.9 million in the prior year, a decrease of 5.5%. Diluted earnings per share was $2.08 in the current year compared to $2.20 in the prior year, down 5.5%.

The impact of fluctuating exchange rates for Fiscal 2005 remained relatively consistent on a line-by-line basis throughout the consolidated statement of income.

FISCAL YEAR 2005 OPERATING RESULTS BY BUSINESS SEGMENT

North American Consumer Products

Sales of the North American Consumer Products segment increased $191.9 million, or 9.3%, to $2.26 billion. Sales volume increased 5.7% due to significant growth in *Ore-Ida* frozen potatoes and *SmartOnes* frozen entrees, aided by the introduction of *Ore-Ida* Extra Crispy Potatoes, new microwavable *Easy Fries,* and several new *SmartOnes* frozen entrees. Strong performance in *Boston Market HomeStyle* meals and in the frozen snack brands of *Delimex, Bagel Bites* and *TGI Friday's,* as well as new distribution related to a co-packing agreement also contributed to the volume increase. Pricing increased sales 2.7% largely due to reduced trade spending and decreased product placement fees on *SmartOnes* frozen entrees and *Ore-Ida* potatoes as well as increased price related to *Classico* pasta sauces and *Heinz* ketchup. Sales increased 1.6% due to the prior year acquisition of the Canadian business of Unifine Richardson B.V., which manufactures and sells salad dressings, sauces and dessert toppings. Divestitures reduced sales 1.6% due to the sale of *Ethnic Gourmet Food* and *Rosetto* pasta to Hain in the first quarter. Exchange translation rates increased sales 0.9%.

Gross profit increased $70.0 million, or 8.0%, to $942.8 million driven by the increase in sales. The gross profit margin decreased to 41.8% from 42.3% due primarily to higher commodity and fuel costs, partially offset by higher net pricing. Operating income increased $56.3 million, or 11.9%, to $530.4 million, due to the increase in gross profit, which was partially offset by higher selling and distribution costs, related to higher volume and higher fuel costs. Operating income for Fiscal 2004 was unfavorably impacted by reorganization costs totaling $5.3 million.

U.S. Foodservice

Sales of the U.S. Foodservice segment increased $75.2 million, or 5.3%, to $1.50 billion. Sales volume increased sales 2.9% due to growth in *Heinz* ketchup, strong performance on *Truesoups* frozen soup and growth in custom recipe tomato products. Higher pricing increased sales by 1.5%, as price increases were initiated to offset fuel and commodity cost pressures. Acquisitions increased sales 0.9%, due to the prior year acquisition of Truesoups LLC, a manufacturer and marketer of premium frozen soups.

Gross profit increased $48.1 million, or 11.8%, to $457.4 million, and the gross profit margin increased to 30.4% from 28.6%. The gross profit margin increase was primarily due to favorable pricing, partly offset by increases in commodity costs. Operating income increased $13.7 million, or 6.5%, to $224.8 million, related to the growth in gross profit, which was partially offset by increased selling and distribution costs, related to a substantial increase in fuel and trucking costs. Operating income for Fiscal 2004 was unfavorably impacted by reorganization costs totaling $3.9 million.

Europe

Heinz Europe's sales increased $159.6 million, or 4.9%, to $3.45 billion. Favorable exchange translation rates increased sales by 7.5%. Volume decreased 0.3% as increases in *Heinz* ketchup resulting from the successful introduction of the Top Down bottle, increases in frozen desserts in the U.K., share gains from the successful restage of the Italian infant nutrition business, new products in U.K. frozen potatoes and increases in *Heinz* ready-to-serve soups were offset by declines in European seafood, frozen entrees in the U.K. and jarred vegetables in Northern Europe. Lower pricing decreased sales 1.8%, primarily due to the restage of the Italian infant nutrition business, the trade spending charge in the Italian infant nutrition business and increased promotional activity in The Netherlands. The $34.1 million trade spending charge in the Italian infant nutrition business related to prior years and reflected an under-accrual quantified as the Company was upgrading trade management processes and systems in Italy. These decreases were partially offset by price increases in *Heinz* beans and ready-to-serve soups in the U.K. Divestitures reduced sales 0.6%.

Gross profit decreased $21.2 million, or 1.7%, to $1.24 billion, and the gross profit margin decreased to 36.1% from 38.5%. The decrease in gross profit margin is primarily related to lower pricing as discussed above, increased commodity and production costs, particularly in the European seafood and the UK businesses and a $27.0 million asset impairment charge related to the HAK vegetable product line in Northern Europe. These decreases were partially offset by supply chain improvements in The Netherlands. Gross profit in Fiscal 2004 was unfavorably impacted by the write-down of the U.K. pizza crust assets totaling $4.0 million. Operating income decreased $88.6 million, or 13.9%, to $550.6 million, largely due to the decrease in gross profit, the gain recognized in the prior year on the sale of the Northern European bakery business, and increased G&A. The increase in G&A is largely due to increased pension costs, litigation costs and professional fees from various projects across Europe.

Asia/Pacific

Sales in Asia/Pacific increased $49.1 million, or 3.9%, to $1.31 billion. Favorable exchange translation rates increased sales by 4.4%. Volume increased sales 0.5%, chiefly due to new product introductions in the frozen foods and convenience meals categories in the Australia and New

Zealand businesses. These were partially offset by the discontinuation of an Indonesian energy drink and volume declines in *Tegel* poultry and China. The volume decline in China was due primarily to an industry-related recall issue pertaining to the colorant Sudan I. Lower pricing reduced sales 2.0% primarily due to market price pressures on *Tegel* poultry. The acquisition of Shanghai LongFong Foods, a maker of popular frozen Chinese snacks and desserts, increased sales 2.3%. The divestiture of a Korean oils and fats product line reduced sales 1.3%.

Gross profit increased $5.6 million, or 1.4%, to $416.1 million. The gross profit margin decreased to 31.8% from 32.6%. The decrease in gross profit margin is primarily due to lower pricing and increased commodity costs, partially offset by cost improvements in Australia and New Zealand. Operating income decreased $10.6 million, or 7.3%, to $135.6 million, primarily due to increased SG&A, resulting primarily from exchange translation rates and increased volume.

Other Operating Entities

Sales for Other Operating Entities increased $22.0 million, or 5.9%, to $396.6 million. Volume increased 1.2% due primarily to strong sales of ketchup and beverages in India and new product launches in Latin America, partially offset by lower sales in Israel, following a product recall in the third quarter of Fiscal 2004. Lower pricing reduced sales by 2.2%, mainly due to decreases in Latin America as a result of market price pressures and price declines in Israel resulting from the effects of the recall. The prior year acquisition of a frozen food business in South Africa increased sales by 5.8%. Exchange translation rates increased sales 1.0%.

Gross profit increased $7.7 million, or 6.4%, to $127.9 million. Operating income increased $4.8 million, primarily due to the acquisition in South Africa.

Zimbabwe remains in a period of economic uncertainty. Should the current situation continue, the Company could experience disruptions and delays in its Zimbabwean operations. As of the end of November 2002, the Company deconsolidated its Zimbabwean operations and classified its remaining net investment of approximately $110 million as a cost investment included in other non-current assets on the consolidated balance sheets. Although the Company's business continues to operate profitably and is able to source raw materials, the country's economic situation remains uncertain and there are government restrictions on the repatriation of earnings. The Company's ability to recover its investment could become impaired if the economic and political uncertainties continue to deteriorate.

Fiscal Years Ended April 28, 2004 and April 30, 2003

Sales for Fiscal 2004 increased $177.7 million, or 2.2%, to $8.41 billion. Sales were favorably impacted by volume of 0.4% and exchange translation rates of 7.3%. The favorable volume impact is primarily due to strong increases in the U.S. Foodservice and Asia/Pacific segments. These increases were partially offset by the impact of Stock Keeping Unit ("SKU") rationalization and declines in Europe, relating primarily to a reduction in promotional support and trade inventories in advance of a major restage of the Italian infant feeding business in Fiscal 2005. Lower pricing decreased sales by 0.3%, primarily reflecting the Company's goal to achieve more competitive net pricing under the Every Day Low Pricing strategy in the U.S. retail businesses as well as market price pressure in the *Tegel* poultry business in New Zealand. Divestitures, net of acquisitions, reduced sales 5.3% due primarily to the deconsolidation of Zimbabwe in the third quarter of Fiscal 2003. Domestic operations contributed approximately 38% of consolidated sales in Fiscal 2004 and Fiscal 2003.

Gross profit increased $155.8 million, or 5.3%, to $3.09 billion, and the gross profit margin increased to 36.7% from 35.6%. The gross profit margin increase was primarily driven by the Company's continuing focus on process and system improvements, productivity initiatives and elimination of less profitable SKU's. These gains were partially offset by lower overall net pricing for the Company and increased supply chain costs in the European seafood business. The aggre-

gate increase in gross profit also benefited from favorable exchange translation rates, partially offset by the impact of higher pension costs, divestitures and the write down of U.K. pizza crust assets in the U.K. For Fiscal 2003, gross profit was also impacted by Del Monte transaction-related costs and costs to reduce overhead of the remaining businesses of $6.1 million, and losses on the exit of non-strategic businesses of $47.3 million.

SG&A decreased $49.7 million, or 2.8%, to $1.71 billion, and, as a percentage of sales, was reduced to 20.3% from 21.4%. The decrease was primarily due to the gain recorded on the sale of the Northern European Bakery business in Fiscal 2004, and decreased marketing expense primarily in the North American Consumer Products segment reflecting the Company's goal to achieve more competitive net pricing as discussed above. Additionally, SG&A was impacted in Fiscal 2004 by reorganization costs of $17.1 million, and in Fiscal 2003 by Del Monte transaction-related costs and costs to reduce overhead of the remaining businesses of $118.9 million, and losses on the exit of non-strategic businesses of $15.1 million. The favorable impact of these items was offset by increases in pension and personnel costs.

Total marketing support (recorded either as a reduction of revenue or as a component of SG&A) increased $179.4 million, or 8.0%, to $2.44 billion on a sales increase of 2.2%. Marketing support recorded as a reduction of revenue increased $179.0 million, or 9.1%, to $2.14 billion, which is primarily a result of the Company's goal to achieve more competitive net pricing under the Every Day Low Pricing strategy. Marketing support recorded as a component of SG&A increased by $0.4 million, or 0.1%, to $299.7 million, as most marketing resources were focused on sharpening retail price points.

Operating income increased $205.4 million, or 17.5%, to $1.38 billion, and increased as a percentage of sales to 16.4% from 14.3% as a result of the changes noted above.

Net interest expense decreased $3.9 million, to $188.5 million, due to lower debt balances and lower interest rates. This decrease was partially offset by the prospective classification of the Heinz Finance Company's dividend on its mandatorily redeemable preferred shares to interest expense from other expense. This treatment is in accordance with the adoption of SFAS No. 150 (see below for further discussion) beginning in the second quarter of Fiscal 2004. Other expense, net, decreased $90.4 million, to $22.2 million, attributable to a $39.6 million pretax charge related to early retirement of debt in Fiscal 2003, decreased minority interest expense as a result of the Zimbabwe deconsolidation, the SFAS No. 150 reclassification previously discussed and increased equity income. The effective tax rate for Fiscal 2004 was 33.3% compared to 36.1% for Fiscal 2003 due primarily to improved country mix and effective tax planning. The Fiscal 2004 effective tax rate was unfavorably impacted by 0.4 percentage points due to the sale of the Northern European bakery business and the Fiscal 2003 effective tax rate was unfavorably impacted by 1.6 percentage points due in part to the loss on the disposal of a North American fish and vegetable business.

Income from continuing operations for Fiscal 2004 was $778.9 million compared to $555.4 million in Fiscal 2003 (before the cumulative effect of change in accounting principle related to the adoption of SFAS No. 142). Diluted earnings per share was $2.20 in Fiscal 2004 compared to $1.57 in Fiscal 2003 (before the cumulative effect of change in accounting principle related to the adoption of SFAS No. 142).

The impact of fluctuating exchange rates for Fiscal 2004 remained relatively consistent on a line-by-line basis throughout the consolidated statement of income.

FISCAL YEAR 2004 OPERATING RESULTS BY BUSINESS SEGMENT

North American Consumer Products

Sales of the North American Consumer Products segment decreased $49.1 million, or 2.3%. Sales volume decreased 0.2% as strong increases in *Heinz* ketchup and frozen potatoes were more

than offset by declines in *SmartOnes* frozen entrées, related to the increased popularity of low-carb dieting, which drove declines in the nutritional frozen entrée category in the U.S., as well as the effects of the rationalization of *Boston Market* side dishes and *Hot Bites* snacks. Lower pricing decreased sales 1.6% consistent with our strategy to obtain more competitive consumer price points on *Boston Market HomeStyle* meals, *Heinz* gravy, *Classico* pasta sauces, *SmartOnes* frozen entrées and *Delimex* frozen snacks. Sales increased 0.4% due to the Canadian acquisition of Unifine Richardson B.V., which manufactures and sells salad dressings, sauces, and dessert toppings. Divestitures in Fiscal 2003 reduced sales 2.9% and favorable exchange translation rates increased sales 1.9%.

Gross profit decreased $2.9 million, or 0.3%, to $872.8 million; the gross profit margin increased to 42.3% from 41.4% as manufacturing cost savings, reflecting significant productivity initiatives and more effective and efficient new product launches, offset unfavorable pricing and higher commodity costs. In addition, reorganization costs unfavorably impacted gross profit by $4.9 million in Fiscal 2003. Operating income increased $82.5 million, or 21.1%, to $474.1 million, primarily due to decreased consumer marketing expenses related to the Fiscal 2003 launch of *Easy Squeeze!*, *Boston Market* frozen entrées and *Hot Bites* snacks, and *Ore-Ida Funky Fries.* In addition, Fiscal 2004 operating income was unfavorably impacted by reorganization costs of $5.3 million and Fiscal 2003 operating income was unfavorably impacted by Del Monte transaction-related costs and costs to reduce overhead of the remaining businesses and losses on the exit of non-strategic businesses of $60.9 million.

U.S. Foodservice

U.S. Foodservice's sales increased $113.2 million, or 8.6%. Sales volume increased sales 2.4% primarily due to increases in *Heinz* ketchup, *Escalon* processed tomato products, *Dianne's* frozen desserts and single serve condiments as a result of new customers, successful product innovation and a strengthening trend in the U.S. restaurant industry. Higher pricing increased sales by 2.7% chiefly due to *Heinz* ketchup and single serve condiments. Acquisitions, net of divestitures, increased sales 3.6%, primarily due to the acquisition of Truesoups LLC, a manufacturer and marketer of premium frozen soups.

Gross profit increased $34.8 million, or 9.3%, to $409.3 million, and the gross profit margin increased slightly to 28.6% from 28.5%. These increases were primarily due to favorable pricing and sales mix, partially offset by higher commodity costs. In addition, reorganization costs unfavorably impacted gross profit by $1.1 million for Fiscal 2003. Operating income increased $19.4 million, or 10.1%, to $211.1 million, primarily due to the growth in gross profit, partially offset by the impact of higher sales volume on S&D and increased G&A attributable to increased personnel and systems costs. In addition, reorganization costs unfavorably impacted operating income by $3.9 million in Fiscal 2004 and Del Monte transaction-related costs and costs to reduce overhead of the remaining businesses and losses on the exit of non-strategic businesses unfavorably impacted operating income by $5.9 million for Fiscal 2003.

Europe

Heinz Europe's sales increased $251.2 million, or 8.3%. Favorable exchange translation rates increased sales by 12.2%. Volumes declined 1.4% due to decreases in Italian infant feeding, in advance of a restaging in early Fiscal 2005, and in convenience meals, due to promotional timing and the impact of our previously announced program to reduce low-margin SKU's. These decreases were partially offset by increases in *Heinz* ketchup from the successful introduction of the top-down bottle, *Heinz* salad cream, *Petite Navire* seafood due to the rebound from the prior year recall and frozen food products. Pricing decreased 0.3% as price increases on *Heinz* beans, ready-to-serve soups, and pasta meals were offset by increased trade promotion spending related to seafood. Also, prices were lower in Northern Europe as a result of The Netherland's largest retailer rolling back prices in excess of 8% beginning in the second quarter of Fiscal 2004. Divestitures reduced sales

2.2%, primarily related to the sale of the U.K. frozen pizza business, the Northern European bakery business and a foodservice business in Italy.

Gross profit increased $128.8 million, or 11.3%, to $1,264.8 million, and the gross profit margin increased to 38.5% from 37.4%. The increase in gross profit is primarily due to favorable exchange translation rates, partially offset by increased supply chain costs in our European seafood business, the volume-related impact of reduced promotions in Heinz's Italian baby food business, the impact of divestitures and the write down of the U.K. pizza assets. Additionally, gross profit was unfavorably impacted by $47.4 million for reorganization costs and losses on the exit of non-strategic businesses in Fiscal 2003. Operating income increased $97.4 million, or 18.0%, to $639.2 million, primarily attributable to the favorable change in gross profit and the gain on the sale of the Northern European bakery business, partially offset by increased G&A expense primarily related to increased pension expense in the U.K. Operating income was unfavorably impacted by $58.9 million for reorganization costs and losses on the exit of non-strategic businesses in Fiscal 2003.

Asia/Pacific

Sales in Asia/Pacific increased $179.7 million, or 16.7%. Favorable exchange translation rates increased sales by 16.2%. Volume increased sales 2.6% primarily due to strong sales of *Heinz* ketchup, *Tegel* poultry in New Zealand, *Heinz* soups in Australia and *ABC* sauces in Indonesia. Lower pricing decreased sales 1.8% related to lower prices on *Tegel* poultry in New Zealand, partially offset by price increases in Indonesia on *ABC* sauces and juice concentrates. Divestitures, net of acquisitions, reduced sales 0.5%.

Gross profit increased $67.9 million, or 19.8%, to $410.5 million, and the gross profit margin increased to 32.6% from 31.8%. These increases were primarily due to favorable exchange translation rates and supply chain improvements in our Australian and Wattie's businesses, partially offset by *Tegel* poultry's lower pricing and higher commodity costs. Operating income increased $45.7 million, or 45.5%, to $146.2 million, primarily due to the growth in gross profit and G&A reductions in our Australian and Wattie's businesses, partially offset by the impact of exchange translation rates on SG&A expenses. Additionally, operating income was unfavorably impacted by reorganization costs of $6.6 million in Fiscal 2003.

Other Operating Entities

Sales for Other Operating Entities decreased $317.3 million, or 45.9%, primarily due to the deconsolidation of the Company's Zimbabwe operations in Fiscal 2003. The deconsolidation also impacted gross profit and operating income. Gross profit decreased $83.1 million, or 40.9%, to $120.2 million, and operating income decreased $81.3 million, or 73.1%, to $29.9 million. Excluding the Zimbabwe operations in Fiscal 2003, sales increased 14.3%, primarily due to volume increases of 6.2%, and operating income decreased 15.3%. Other than the impact of Zimbabwe, the other significant impact on operating income was the recall in the third quarter of Fiscal 2004 of a soy-based infant formula product sold under the *Remedia* brand in Israel.

Liquidity and Financial Position

The following discussion of liquidity and financial position references the business measures of operating free cash flow and net debt as defined below. These measures are utilized by senior management and the board of directors to gauge our business operating performance, and management believes these measures provide clarity in understanding the trends of the business. Management, and investors, can benefit from the use of the operating free cash flow measure as it provides cash flow derived from product sales and the short-term application of cash, including the effect of capital expenditures.

The limitation of operating free cash flow is that it adjusts the GAAP measure-cash flow from operations for cash used for capital expenditures that is no longer available to the Company for other purposes. Management compensates for this limitation by using the GAAP operating cash flow number as well. Operating free cash flow does not represent residual cash flow available for discretionary expenditures and does not provide insight into the entire scope of the historical cash inflows or outflows of our operations that are captured in the other cash flow measures reported in the statement of cash flows.

The Company's primary measure of cash flow performance is operating free cash flow (cash provided by operating activities less capital expenditures). The following is the Company's calculation of operating free cash flow for the years ended April 27, 2005, April 28, 2004 and April 30, 2003 (amounts in millions):

	Fiscal Year Ended		
	April 27, 2005 FY 2005	*April 28, 2004 FY 2004*	*April 30, 2003 FY 2003*
Cash provided by operating activities	$1,160.8	$1,249.0	$ 906.0
Capital expenditures	$ (240.7)	$ (232.0)	$(154.0)
Operating Free Cash Flow	$ 920.1	$1,017.0	$ 752.0

Cash provided by continuing operating activities in Fiscal 2005 was $1.16 billion, a decrease of $88.2 million from the prior year. The decrease in Fiscal 2005 versus Fiscal 2004 is primarily due to a planned tax pre-payment of $125 million made in Europe during the third quarter and working capital movements, particularly inventories, partially offset by lower contributions to the Company's pension plans in Fiscal 2005. While we continue to make progress in reducing our cash conversion cycle (six days lower than a year ago), the rate of improvement has lessened when compared to last fiscal year, as expected.

Cash used for investing activities totaled $264.1 million compared to $301.1 million last year. Proceeds from divestitures provided $51.2 million in Fiscal 2005 and related primarily to the sale of an oil and fats product line in Korea, which was completed during the third quarter. Acquisitions used $126.5 million in Fiscal 2005 primarily related to the Company's purchase in the fourth quarter of Appetizer's And, Inc., a manufacturer and marketer of high-quality, frozen hors d'oeuvres sold primarily to the U.S. foodservice industry, and in the third quarter of a controlling interest in Shanghai LongFong Foods, a maker of frozen Chinese snacks and desserts. In Fiscal 2004, acquisitions, net of divestitures, used $41.7 million in cash. Capital expenditures totaled $240.7 million (2.7% of sales) in Fiscal 2005 compared to $232.0 million (2.8% of sales) last year.

Cash used for financing activities totaled $1.05 billion compared to $643.9 million last year. Payments on long-term debt were $480.5 million during Fiscal 2005, compared to $74.3 million last year. Proceeds from short-term borrowings were $26.5 million in Fiscal 2005, compared to payments of $144.7 million in the prior year. Cash used for the purchases of treasury stock, net of proceeds from option exercises, was $212.0 million in Fiscal 2005, compared to $57.4 million in the prior year, in line with the Company's strategy of flat or reduced fully diluted shares. Dividend payments totaled $398.9 million, compared to $379.9 million last year, reflecting a 5.5% increase in the annual dividend per share on common stock.

On May 18, 2005, the Company announced that is Board of Directors approved a 5.3% increase in the annual dividend on common stock for Fiscal 2006 (from 28.5 cents to 30 cents per quarter), effective with the July 2005 dividend. Fiscal 2006 dividends are expected to approximate $410 million.

Net debt is an additional measure that management utilizes to judge our liquidity and financial condition. Net debt is defined as total debt, net of the value of interest rate swaps, less cash and

cash equivalents and short-term investments. The following is the Company's calculation of net debt as of April 27, 2005 and April 28, 2004 (amounts in millions):

	April 27, 2005 FY 2005	*April 28, 2004 FY 2004*
Short-term debt	$ 28.5	$ 11.4
Long-term debt, including current portion	4,666.8	4,963.0
Total debt	4,695.3	4,974.4
Less:		
Value of interest rate swaps	(186.1)	(125.3)
Cash and cash equivalents	(1,083.7)	(1,140.0)
Short-term investments	—	(40.0)
Net Debt	$ 3,425.5	$ 3,669.1

Overall, net debt decreased $243.6 million, or 6.6%, versus prior year. Long-term debt decreased $296.2 million from the prior year primarily due to the repayment of $480 million of debt in Fiscal 2005; offset by increases in debt as a result of higher foreign exchange rates and debt assumed through acquisitions. At April 27, 2005, the Company's net debt was $3.4 billion. Excluding the reclassification of H.J. Heinz Finance Company's $325 million of preferred stock and the impact of the changes in foreign exchange on net debt, the Company's net debt would have been $3.1 billion, a decrease of $2.3 billion since the beginning of Fiscal 2003. The Company anticipates that it will have additional long-term debt reductions in Fiscal 2006, principally the retirement of €417.9 million of bonds ($540.6 million) which mature in April 2006.

Return on average shareholders' equity ("ROE") is calculated by taking net income divided by average shareholders' equity. Average shareholders' equity is a five-point quarterly average. ROE was 34.4% in Fiscal 2005, 51.6% in Fiscal 2004 and 34.7% in Fiscal 2003. ROE in Fiscal 2005 was unfavorably impacted by increased average equity reflecting fluctuations in foreign exchange. In addition, ROE was unfavorably impacted by 4.2% in Fiscal 2005 related to the asset impairment charges. ROE was unfavorably impacted by 9.9% in Fiscal 2003 related to Del Monte transaction related costs, costs to reduce overhead of the remaining business and losses on the exit of non-strategic businesses.

Pretax return on average invested capital ("ROIC") is calculated by taking net operating profit before income taxes divided by average invested capital. Net operating profit before income taxes excludes net interest expense. Average invested capital is a five-point quarterly average of debt plus total equity less cash and cash equivalents and short-term investments. ROIC was 21.7% in Fiscal 2005, 24.5% in Fiscal 2004 and 19.0% in Fiscal 2003. ROIC was unfavorably impacted by 1.7% in Fiscal 2005 related to the asset impairment charges for the HAK vegetable product line, the equity investment in Hain and the cost-basis investment in a grocery industry-sponsored e-commerce business venture. ROIC was favorably impacted by 0.1% in Fiscal 2004 related to the gain on the disposal of a bakery business in Northern Europe offset by reorganization costs and the write down of pizza crust assets in the United Kingdom. ROIC was unfavorably impacted by 3.5% in Fiscal 2003 related to Del Monte transaction related costs, costs to reduce overhead of the remaining business and losses on the exit of non-strategic businesses.

In August 2004, the Company and H.J. Heinz Finance Company amended their $600 million 364-Day Credit Agreement and their $1.5 billion Five-Year Credit Agreement by combining the agreements into a $2.0 billion Five-Year Credit Agreement, expiring August 2009. The Credit Agreement supports the Company's commercial paper borrowings and the remarketable securities. As a result, these borrowings are classified as long-term debt based upon the Company's intent and ability to refinance these borrowings on a long-term basis. In addition, the Company has $1.1 billion of foreign lines of credit available at April 27, 2005. These resources, the Company's year-end

cash balance of more than $1 billion, strong operating cash flow and access to the capital market, if required, should enable the Company to meet its cash requirements for operations, including capital expansion programs, debt maturities, stock repurchases and dividends to shareholders.

At April 27, 2005, the Company's long-term debt ratings were A at Standard & Poor's and Fitch and A-3 at Moody's, and the Company's short-term debt ratings were A-1 at Standard & Poor's, F-1 at Fitch and P-2 at Moody's.

In Fiscal 2005, cash required for reorganization costs was approximately $9.9 million. Fiscal 2006 cash requirements related to reorganization costs to streamline the Company's organization structure, primarily in Europe, are expected to approximate $75 to $100 million. Additionally, the Company is reexamining its portfolio strategy which could result in the disposition of several non-core businesses, the proceeds of which could approximate $1 billion. If implemented, these proceeds could be used for debt reduction, share repurchases, acquisitions and operations.

Contractual Obligations and Other Commitments

Contractual Obligations

The Company is obligated to make future payments under various contracts such as debt agreements, lease agreements and unconditional purchase obligations. In addition, the Company has purchase obligations for materials, supplies, services and property, plant and equipment as part of the ordinary conduct of business. A few of these obligations are long-term and are based on minimum purchase requirements. In the aggregate, such commitments are not at prices in excess of current markets. Due to the proprietary nature of some of the Company's materials and processes, certain supply contracts contain penalty provisions for early terminations. The Company does not believe that a material amount of penalties is reasonably likely to be incurred under these contracts based upon historical experience and current expectations.

The following table represents the contractual obligations of the Company as of April 27, 2005.

	Less than 1 year	*1-3 years*	*3-5 years*	*More than 5 years*	*Total*
Long Term Debt	$ 543,868	$ 302,672	$327,394	$3,297,305	$4,471,239
Capital Lease Obligations	1,103	2,093	2,402	19,735	25,333
Operating Leases	79,836	249,363	62,813	189,107	581,119
Purchase Obligations	314,468	475,415	173,250	93,958	1,057,091
Other Long Term Liabilities Recorded on the Balance Sheet	85,465	166,119	151,565	170,303	573,452
Total	$1,024,740	$1,195,662	$717,424	$3,770,408	$6,708,234

Other long-term liabilities primarily consist of certain specific incentive compensation arrangements and pension and postretirement benefit commitments. The following long-term liabilities included on the consolidated balance sheet are excluded from the table above: interest payments, income taxes, minority interest and insurance accruals. The Company is unable to estimate the timing of the payments for these items.

Off-Balance Sheet Arrangements and Other Commitments

The Company does not have material financial guarantees or other contractual commitments that are reasonably likely to adversely affect liquidity. In addition, the Company does not have any related party transactions that materially affect the results of operations, cash flow or financial condition.

Market Risk Factors

The Company is exposed to market risks from adverse changes in foreign exchange rates, interest rates, commodity prices and production costs. As a policy, the Company does not engage in speculative or leveraged transactions, nor does the Company hold or issue financial instruments for trading purposes.

Foreign Exchange Rate Sensitivity: The Company's cash flow and earnings are subject to fluctuations due to exchange rate variation. Foreign currency risk exists by nature of the Company's global operations. The Company manufactures and sells its products in a number of locations around the world, and hence foreign currency risk is diversified.

The Company may attempt to limit its exposure to changing foreign exchange rates through both operational and financial market actions. These actions may include entering into forward or option contracts to hedge existing exposures, firm commitments and forecasted transactions. The instruments are used to reduce risk by essentially creating offsetting currency exposures. The following table presents information related to foreign currency contracts held by the Company:

	Aggregate Notional Amount		*Net Unrealized Gains / (Losses)*	
	April 27, 2005	*April 28, 2004*	*April 27, 2005*	*April 28, 2004*
	(Dollars in millions)			
Purpose of Hedge:				
Intercompany cash flows	$ 737	$302	$(1.7)	$(0.8)
Forecasted purchases of raw materials and finished goods and foreign currency denominated obligations	417	466	(7.1)	(5.8)
Forecasted sales and foreign currency denominated assets	115	215	1.8	—
	$1,269	$983	$(7.0)	$(6.6)

As of April 27, 2005, the Company's contracts to hedge forecasted transactions mature in one year. Contracts that meet qualifying criteria are accounted for as foreign currency cash flow hedges. Accordingly, the effective portion of gains and losses is deferred as a component of other comprehensive income/loss and is recognized in earnings at the time the hedged item affects earnings. Any gains and losses due to hedge ineffectiveness or related to contracts which do not qualify for hedge accounting are recorded in current period earnings in other income and expense.

Substantially all of the Company's foreign affiliates' financial instruments are denominated in their respective functional currencies. Accordingly, exposure to exchange risk on foreign currency financial instruments is not material. (See Note 13 to the consolidated financial statements.)

Interest Rate Sensitivity: The Company is exposed to changes in interest rates primarily as a result of its borrowing and investing activities used to maintain liquidity and fund business operations. The nature and amount of the Company's long-term and short-term debt can be expected to vary as a result of future business requirements, market conditions and other factors. The Company's net debt obligations totaled $3.43 billion and $3.67 billion at April 27, 2005 and April 28, 2004, respectively. The Company's debt obligations are summarized in Note 7 to the consolidated financial statements.

In order to manage interest rate exposure, the Company utilizes interest rate swaps in order to convert fixed-rate debt to floating. These derivatives are primarily accounted for as fair value hedges. Accordingly, changes in the fair value of these derivatives, along with changes in the fair value of the hedged debt obligations that are attributable to the hedged risk, are recognized in current period earnings. Based on the amount of fixed-rate debt converted to floating as of April 27, 2005, a variance of 1/8% in the related interest rate would cause annual interest expense related to

this debt to change by approximately $3.6 million. The following table presents additional information related to interest rate contracts designated as fair value hedges by the Company:

	April 27, 2005	*April 28, 2004*
	(Dollars in millions)	
Pay floating swaps—notional amount	$2,767.4	$2,767.4
Net unrealized gains	$ 186.1	$ 125.3
Weighted average maturity (years)	11.4	12.4
Weighted average receive rate	6.37%	6.37%
Weighted average pay rate	2.95%	2.18%

The Company had interest rate contracts with total notional amounts of $107.6 million and $907.6 million at April 27, 2005 and April 28, 2004, respectively, that did not meet the criteria for hedge accounting but effectively mitigated interest rate exposures. These derivatives are accounted for on a full mark-to-market basis through current earnings and they mature approximately three years from the current fiscal year-end. Net unrealized gains/(losses), which are presented as a component of other noncurrent assets/liabilities, related to these interest rate contracts totaled $(2.5) million and $4.5 million at April 27, 2005 and April 28, 2004, respectively.

Effect of Hypothetical 10% Fluctuation in Market Prices: As of April 27, 2005, the potential gain or loss in the fair value of the Company's outstanding foreign currency contracts and interest rate contracts assuming a hypothetical 10% fluctuation in currency rates and swap rates, respectively, would be approximately:

	Fair Value Effect
	(Dollars in millions)
Foreign currency contracts	$130
Interest rate swap contracts	$110

However, it should be noted that any change in the fair value of the contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged items. In relation to currency contracts, this hypothetical calculation assumes that each exchange rate would change in the same direction relative to the U.S. dollar.

Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Share-Based Payment", which revises SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". This Statement focuses primarily on accounting for transactions in which an entity compensates employee services through share-based payments. This Statement requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the reward. On April 18, 2005, the Securities and Exchange Commission adopted a new rule that amended the compliance dates of SFAS No. 123(R) to require the implementation no later than the beginning of the first fiscal year beginning after June 15, 2005. Early adoption of the Statement is permissable. The Company plans on adopting this Statement in Fiscal 2007.

In December 2004, the FASB issued FASB Staff Position ("FSP") No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004". The FSP provided guidance on the accounting and disclosures for the temporary repatriation provision of the American Jobs Creation Act. The Company has adopted the disclosure provisions of the FSP which apply to entities that have not yet completed their

evaluation of the repatriation provision, and will expand its disclosures in accordance with the FSP upon completion of the final evaluation.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4". This Statement is meant to eliminate any narrow differences existing between the FASB standards and the standards issued by the International Accounting Standards Board by clarifying that any abnormal idle facility expense, freight, handling costs and spoilage be recognized as current-period charges. This Statement is required to be adopted by the Company in the first quarter of Fiscal 2007; however, early application is permitted. The Company does not expect the adoption of this Statement to have a material impact on results of operations, financial position or cash flows.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retirement health care plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In January 2005, final Medicare prescription drug rules were issued. The adoption of the Act during Fiscal 2005 resulted in a reduction of the Company's benefit obligation of approximately $18.8 million and has been reflected as an actuarial gain. The total reduction in benefit cost for Fiscal 2005 is $2.3 million, comprised of $0.9 million of interest cost, $0.1 million of service cost, and $1.4 million reduction in unrecognized loss amortization, recognized on a pro-rata basis.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement affects the classification, measurement and disclosure requirements of certain freestanding financial instruments including mandatorily redeemable shares. SFAS No. 150 was effective for the Company for the second quarter of Fiscal 2004. The adoption of SFAS No. 150 required the prospective classification of H. J. Heinz Finance Company's $325 million of mandatorily redeemable preferred shares from minority interest to long-term debt and the $5.1 million quarterly preferred dividend from other expenses to interest expense beginning in the second quarter ended October 29, 2003, with no resulting effect on the Company's profitability.

Discussion of Significant Accounting Estimates

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Marketing Costs — Trade promotions are an important component of the sales and marketing of the Company's products and are critical to the support of the business. Trade promotion costs include amounts paid to retailers to offer temporary price reductions for the sale of the Company's products to consumers, amounts paid to obtain favorable display positions in retailers' stores, and amounts paid to customers for shelf space in retail stores. Accruals for trade promotions are recorded primarily at the time of sale of product to the customer based on an estimate of the expected levels of performance of the trade promotion, which is dependent upon factors such as historical trends with similar promotions, expectations regarding customer participation, and sales and payment trends with similar previously offered programs. Our original estimated costs of trade promotions may change in the future as a result of changes in customer participation, particularly for new programs and for programs related to the introduction of new products. We

perform monthly and quarterly evaluations of our outstanding trade promotions; making adjustments, where appropriate, to reflect changes in our estimates. Settlement of these liabilities typically occurs in subsequent periods primarily through an authorized process for deductions taken by a customer from amounts otherwise due to the Company. As a result, the ultimate cost of a trade promotion program is dependent on the relative success of the events and the actions and level of deductions taken by the Company's customers for amounts they consider due to them. Final determination of the permissible deductions may take extended periods of time and could have a significant impact on the Company's results of operations depending on how actual results of the programs compare to original estimates.

We offer coupons to consumers in the normal course of our business. Costs associated with this activity, which we refer to as coupon redemption costs, are accrued in the period in which the coupons are offered. The initial estimates made for each coupon offering are based upon historical redemption experience rates for similar products or coupon amounts. We perform subsequent estimates that compare our actual redemption rates to the original estimates. We review the assumptions used in the valuation of the estimates and determine an appropriate accrual amount. Adjustments to our initial accrual may be required if our actual redemption rates vary from our estimated redemption rates.

Inventories — Inventories are stated at the lower of cost or market value. Cost is principally determined by the average cost method. The Company records adjustments to the carrying value of inventory based upon its forecasted plans to sell its inventories. The physical condition (e.g., age and quality) of the inventories is also considered in establishing its valuation. These adjustments are estimates, which could vary, either favorably or unfavorably, from actual requirements if future economic conditions, customer inventory levels or competitive conditions differ from our expectations.

Investments and Long-lived Assets and Property, Plant and Equipment — Investments and long-lived assets are recorded at their respective cost basis on the date of acquisition. Buildings, equipment and leasehold improvements are depreciated on a straight-line basis over the estimated useful life of such assets. The Company reviews investments and long-lived assets, including intangibles with finite useful lives, and property, plant and equipment, whenever circumstances change such that the indicated recorded value of an asset may not be recoverable or has suffered an other than temporary impairment. Factors that may affect recoverability include changes in planned use of equipment or software, the closing of facilities and changes in the underlying financial strength of investments. The estimate of current value requires significant management judgment and requires assumptions that can include: future volume trends, revenue and expense growth rates and foreign exchange rates developed in connection with the Company's internal projections and annual operating plans, and in addition, external factors such as market devaluation and inflation which are developed in connection with the Company's longer-term strategic planning. As each is management's best estimate on then available information, resulting estimates may differ from actual cash flows.

Goodwill and Indefinite Lived Intangibles — Carrying values of goodwill and intangible assets with indefinite lives are reviewed for impairment at least annually, or when circumstances indicate that a possible impairment may exist, in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Indicators such as unexpected adverse economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts, may signal that an asset has become impaired. The Company's measure of impairment is based on a discounted cash flow model that requires significant judgment and requires assumptions about future volume trends, revenue and expense growth rates and foreign exchange rates developed in connection with the Company's internal projections and annual operating plans, and in addition, external factors such as changes in macroeconomic trends and cost of capital developed in connection with the Company's longer-term strategic planning. Inherent in estimating future performance, in particular assumptions regarding external factors such as capital markets, are

uncertainties beyond the Company's control. Management believes that because fair values of goodwill and intangible assets with indefinite lives significantly exceed carrying value, it is unlikely that a material impairment charge would be recognized.

Retirement Benefits — The Company sponsors pension and other retirement plans in various forms covering substantially all employees who meet eligibility requirements. Several statistical and other factors that attempt to anticipate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets, turnover rates and rate of future compensation increases as determined by the Company, within certain guidelines. The discount rate assumptions used to value pension and postretirement benefit obligations reflect the rates available on high quality fixed income investments available (in each country that the Company operates a benefit plan) as of the measurement date. The weighted average discount rate used to measure the projected benefit obligation for the year ending April 27, 2005 was reduced to 5.5% from 5.8% as of April 28, 2004.

Over time, the expected rate of return on pension plan assets should approximate the actual long-term returns. In developing the expected rate of return, the Company considers actual real historic returns on asset classes, the investment mix of plan assets, investment manager performance and projected future returns of asset classes developed by respected consultants. The weighted average expected rate of return on plan assets used to calculate annual expense was 8.2% for the years ended April 27, 2005 and April 28, 2004 and 8.9% for the year ended April 30, 2003. For purposes of calculating Fiscal 2006 expense, the weighted average rate of return will remain at approximately 8.2%.

In addition, the Company's actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate these elements. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of pension expense recorded by the Company.

Sensitivity of Assumptions

If we assumed a 100 basis point change in the following assumptions, our Fiscal 2005 projected benefit obligation and expense would increase (decrease) by the following amounts (in millions):

	100 Basis Point	
	Increase	*Decrease*
Pension benefits		
Discount rate used in determining projected benefit obligation	$(304.3)	$365.1
Discount rate used in determining net pension expense	$ (34.4)	$ 38.2
Long-term rate of return on assets used in determining net pension expense	$ (20.6)	$ 20.6
Other benefits		
Discount rate used in determining projected benefit obligation	$ (25.4)	$ 29.7

Income Taxes — The Company computes its annual tax rate based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it earns income. Significant judgment is required in determining the Company's annual tax rate and in evaluating its tax positions. The Company establishes reserves when it becomes probable that a tax return position that it considers supportable may be challenged and that the Company may not succeed in completely defending that challenge. The Company adjusts these reserves in light of changing facts and circumstances, such as the settlement of a tax audit. The Company's annual tax rate includes the impact of reserve provisions and changes to reserves. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes that

its reserves reflect the probable outcome of known tax contingencies. Favorable resolution would be recognized as a reduction to the Company's annual tax rate in the year of resolution. The Company's tax reserves are presented in the balance sheet principally within accrued income taxes.

The Company records valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. When assessing the need for valuation allowances, the Company considers future taxable income and ongoing prudent and feasible tax planning strategies. Should a change in circumstances lead to a change in judgment about the realizability of deferred tax assets in future years, the Company would adjust related valuation allowances in the period that the change in circumstances occurs, along with a corresponding increase or charge to income.

The American Jobs Creation Act ("the AJCA") provides a deduction of 85% on certain foreign earnings repatriation. The Company may elect to apply this provision in Fiscal 2006. The Company does not expect to be able to complete its evaluation of the effects of the repatriation provisions until after the Treasury Department provides additional guidance on key elements of the provision. The Company expects to complete its evaluation within a reasonable period of time after final guidance is issued. The range of amounts that the Company is currently considering for repatriation under this provision is between zero and $750 million. The related potential range of income tax (based upon our expectation of how certain technical issues will be resolved in the final guidance) is between zero and $20 million.

The AJCA provides a deduction calculated as a percentage of qualified income from manufacturing in the United States. The percentage increases from 3% to 9% over a 6 year period beginning with the Company's 2006 fiscal year. In December 2004, the FASB issued a new staff position providing for this deduction to be treated as a special deduction, as opposed to a tax rate reduction, in accordance with SFAS No. 109. The benefit of this deduction is not expected to have a material impact on the Company's effective tax rate in Fiscal 2006.

Inflation

In general, costs are affected by inflation and the effects of inflation may be experienced by the Company in future periods. Management believes, however, that such effects have not been material to the Company during the past three years in the United States or in foreign non-hyperinflationary countries. The Company operates in certain countries around the world, such as Argentina, Venezuela and Zimbabwe, that have experienced hyperinflation. In hyperinflationary foreign countries, the Company attempts to mitigate the effects of inflation by increasing prices in line with inflation, where possible, and efficiently managing its working capital levels.

The impact of inflation on both the Company's financial position and results of operations is not expected to adversely affect Fiscal 2006 results. The Company's financial position continues to remain strong, enabling it to meet cash requirements for operations, including anticipated additional pension plan contributions, capital expansion programs and dividends to shareholders.

Stock Market Information

H. J. Heinz Company common stock is traded principally on The New York Stock Exchange and the Pacific Exchange, under the symbol HNZ. The number of shareholders of record of the Company's common stock as of May 31, 2005 approximated 45,200. The closing price of the common stock on The New York Stock Exchange composite listing on April 27, 2005 was $36.87.

Stock price information for common stock by quarter follows:

	Stock Price Range	
	High	*Low*
2005		
First	$39.41	$36.30
Second	38.43	34.53
Third	40.61	35.51
Fourth	38.16	35.06
2004		
First	$34.40	$29.71
Second	35.67	31.98
Third	36.62	34.89
Fourth	38.95	35.37

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

This information is set forth in this report in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 22 through 23.

Item 8. Financial Statements and Supplementary Data.

TABLE OF CONTENTS

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has used the framework set forth in the report entitled "Internal Control—Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of the end of the most recent fiscal year. Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of April 27, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ William R. Johnson
Chairman, President and
Chief Executive Officer

/s/ Arthur B. Winkleblack
Executive Vice President and
Chief Financial Officer

June 16, 2005

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
H. J. Heinz Company:

We have completed an integrated audit of H. J. Heinz Company's fiscal year 2005 consolidated financial statements and of its internal control over financial reporting as of April 27, 2005 and audits of its fiscal year 2004 and fiscal year 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of H. J. Heinz Company and its subsidiaries at April 27, 2005 and April 28, 2004, and the results of their operations and their cash flows for each of the three years in the period ended April 27, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Report of Management on Internal Control Over Financial Reporting appearing under Item 8, that the Company maintained effective internal control over financial reporting as of April 27, 2005 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 27, 2005, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
June 16, 2005

H. J. Heinz Company and Subsidiaries

Consolidated Statements of Income

	Fiscal Year Ended		
	April 27, 2005 (52 Weeks)	April 28, 2004 (52 Weeks)	April 30, 2003 (52 Weeks)
	(In thousands, except per share amounts)		
Sales	$8,912,297	$8,414,538	$8,236,836
Cost of products sold	5,705,926	5,326,281	5,304,362
Gross profit	3,206,371	3,088,257	2,932,474
Selling, general and administrative expenses	1,851,529	1,709,000	1,758,658
Operating income	1,354,842	1,379,257	1,173,816
Interest income	27,776	23,312	31,083
Interest expense	232,431	211,826	223,532
Asset impairment charges for cost and equity investments	73,842	—	—
Other expense, net	17,731	22,192	112,636
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	1,058,614	1,168,551	868,731
Provision for income taxes	322,792	389,618	313,372
Income from continuing operations before cumulative effect of change in accounting principle	735,822	778,933	555,359
Income from discontinued operations, net of tax	16,877	25,340	88,738
Income before cumulative effect of change in accounting principle	752,699	804,273	644,097
Cumulative effect of change in accounting principle	—	—	(77,812)
Net income	$ 752,699	$ 804,273	$ 566,285
Income Per Common Share:			
Diluted			
Continuing operations	$ 2.08	$ 2.20	$ 1.57
Discontinued operations	0.05	0.07	0.25
Cumulative effect of change in accounting principle	—	—	(0.22)
Net Income	$ 2.13	$ 2.27	$ 1.60
Average common shares outstanding—Diluted	353,450	354,372	354,144
Basic			
Continuing operations	$ 2.10	$ 2.21	$ 1.58
Discontinued operations	0.05	0.07	0.25
Cumulative effect of change in accounting principle	—	—	(0.22)
Net Income	$ 2.15	$ 2.29	$ 1.61
Average common shares outstanding—Basic	350,042	351,810	351,250
Cash dividends per share	$ 1.14	$ 1.08	$ 1.485

See Notes to Consolidated Financial Statements

H. J. Heinz Company and Subsidiaries

Consolidated Balance Sheets

	April 27, 2005	April 28, 2004
	(Dollars in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,083,749	$1,140,039
Short-term investments	—	40,000
Receivables (net of allowances: 2005—$21,844 and 2004—$21,313)	1,092,394	1,093,155
Inventories:		
Finished goods and work-in-process	974,974	897,778
Packing material and ingredients	281,802	259,154
Total inventories	1,256,776	1,156,932
Prepaid expenses	174,818	165,177
Other current assets	37,839	15,493
Total current assets	3,645,576	3,610,796
Property, plant and equipment:		
Land	67,000	65,836
Buildings and leasehold improvements	844,056	796,966
Equipment, furniture and other	3,111,663	2,864,422
	4,022,719	3,727,224
Less accumulated depreciation	1,858,781	1,669,938
Total property, plant and equipment, net	2,163,938	2,057,286
Other non-current assets:		
Goodwill	2,138,499	1,959,914
Trademarks, net	651,552	643,901
Other intangibles, net	171,675	149,920
Other non-current assets	1,806,478	1,455,372
Total other non-current assets	4,768,204	4,209,107
Total assets	$10,577,718	$9,877,189

See Notes to Consolidated Financial Statements

H. J. Heinz Company and Subsidiaries

Consolidated Balance Sheets

	April 27, 2005	April 28, 2004
	(Dollars in thousands)	
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 28,471	$ 11,434
Portion of long-term debt due within one year	544,798	425,016
Accounts payable	1,181,652	1,063,113
Salaries and wages	55,321	50,101
Accrued marketing	270,147	230,495
Other accrued liabilities	376,124	361,596
Income taxes	130,555	327,313
Total current liabilities	2,587,068	2,469,068
Long-term debt and other liabilities:		
Long-term debt	4,121,984	4,537,980
Deferred income taxes	508,639	313,343
Non-pension postretirement benefits	196,686	192,599
Minority interest	114,833	104,645
Other	445,935	365,365
Total long-term debt and other liabilities	5,388,077	5,513,932
Shareholders' equity:		
Capital stock:		
Third cumulative preferred, $1.70 first series, $10 par value	83	94
Common stock, 431,096,486 shares issued, $0.25 par value	107,774	107,774
	107,857	107,868
Additional capital	430,073	403,043
Retained earnings	5,210,748	4,856,918
	5,748,678	5,367,829
Less:		
Treasury shares, at cost (83,419,356 shares at April 27, 2005 and 79,139,249 shares at April 28, 2004)	3,140,586	2,927,839
Unearned compensation	31,141	32,275
Accumulated other comprehensive (income)/loss	(25,622)	513,526
Total shareholders' equity	2,602,573	1,894,189
Total liabilities and shareholders' equity	$10,577,718	$9,877,189

See Notes to Consolidated Financial Statements

H.J. Heinz Company and Subsidiaries
Consolidated Statements of Shareholders' Equity

	Comprehensive Income	Preferred Stock Shares	Preferred Stock Dollars	Common Stock Shares	Common Stock Dollars
	(Amounts in thousands, except per share amounts)				
Balance at May 1, 2002		11	$110	431,096	$107,774
Comprehensive income—2003:					
Net income—2003	$ 566,285				
Other comprehensive income (loss), net of tax:					
Minimum pension liability, net of $186,595 tax benefit	(414,900)				
Unrealized translation adjustments	404,163				
Net change in fair value of cash flow hedges	24,265				
Net hedging gains reclassified into earnings/spun off	(17,683)				
Comprehensive income	$ 562,130				
Cash dividends:					
Preferred @ $1.70 per share					
Common @ $1.485 per share					
Conversion of preferred into common stock			(4)		
Stock options exercised, net of shares tendered for payment					
Spin off of SKF Foods					
Restricted stock unit activity					
Other, net*					
Balance at April 30, 2003		11	106	431,096	107,774
Comprehensive income—2004:					
Net income—2004	$ 804,273				
Other comprehensive income (loss), net of tax:					
Minimum pension liability, net of $53,166 tax expense	105,535				
Unrealized translation adjustments	210,017				
Net change in fair value of cash flow hedges	(15,196)				
Net hedging gains reclassified into earnings	3,253				
Comprehensive income	$1,107,882				
Cash dividends:					
Preferred @ $1.70 per share					
Common @ $1.08 per share					
Shares reacquired					
Conversion of preferred into common stock		(1)	(12)		
Stock options exercised, net of shares tendered for payment					
Restricted stock unit activity					
Other, net*					
Balance at April 28, 2004		10	94	431,096	$107,774
Comprehensive income—2005:					
Net income—2005	$ 752,699				
Other comprehensive income (loss), net of tax:					
Minimum pension liability, net of $116,117 tax expense	273,934				
Unrealized translation adjustments	263,585				
Net change in fair value of cash flow hedges	23,754				
Net hedging gains reclassified into earnings	(22,125)				
Comprehensive income	$1,291,847				
Cash dividends:					
Preferred @ $1.70 per share					
Common @ $1.14 per share					
Shares reacquired					
Conversion of preferred into common stock		(1)	(11)		
Stock options exercised, net of shares tendered for payment					
Restricted stock unit activity					
Other, net*					
Balance at April 27, 2005		9	$ 83	431,096	$107,774
Authorized Shares—April 27, 2005		9		600,000	

* Includes activity of the Global Stock Purchase Plan.

See Notes to Consolidated Financial Statements.

Additional Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Dollars	Unearned Compensation	Other Comprehensive Income/(Loss)	Total Shareholders' Equity
$348,605	$4,968,535	(80,192)	$(2,893,198)	$ (230)	$(812,980)	$1,718,616
	566,285					566,285
					(4,155)	(4,155)
	(19)					(19)
	(521,592)					(521,592)
(160)		6	164			—
838†		311	7,755			8,593
	(580,638)					(580,638)
26,117				(20,965)		5,152
1,142		227	5,773			6,915
376,542	4,432,571	(79,648)	(2,879,506)	(21,195)	(817,135)	1,199,157
	804,273					804,273
					303,609	303,609
	(16)					(16)
	(379,910)					(379,910)
		(4,810)	(170,129)			(170,129)
(421)		18	433			—
2,792†		4,774	109,389			112,181
21,256				(11,080)		10,176
2,874		527	11,974			14,848
403,043	4,856,918	(79,139)	(2,927,839)	(32,275)	(513,526)	1,894,189
	752,699					752,699
					539,148	539,148
	(15)					(15)
	(398,854)					(398,854)
		(7,825)	(291,348)			(291,348)
(350)		16	361			—
27,030†		2,845	62,669			89,699
(7,051)		251	5,724	2,123		796
7,401		433	9,847	(989)		16,259
$430,073	$5,210,748	(83,419)	$(3,140,586)	$(31,141)	$ 25,622††	$2,602,573

† Includes income tax benefit resulting from exercised stock options.
†† Comprised of unrealized translation adjustment of $102,209, minimum pension liability of $(71,641) and deferred net losses on derivative financial instruments $(4,946).

H. J. Heinz Company and Subsidiaries

Consolidated Statements of Cash Flows

	Fiscal Year Ended		
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*
	(Dollars in thousands)		
Operating activities:			
Net income	$ 752,699	$ 804,273	$ 566,285
Income from discontinued operations, net of tax	(16,877)	(25,340)	(88,738)
Income from continuing operations	735,822	778,933	477,547
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	227,187	210,158	194,328
Amortization	25,265	23,785	20,434
Deferred tax provision	53,857	97,542	133,320
Gain on sale of the Northern Europe bakery business	—	(26,338)	—
Asset impairment charges	100,818	—	—
Cumulative effect of change in accounting principle	—	—	77,812
Provision for transaction costs and restructuring	—	—	177,979
Other items, net	43,989	(105,559)	(133,696)
Changes in current assets and liabilities, excluding effects of acquisitions and divestitures:			
Receivables	45,851	97,228	53,177
Inventories	(25,315)	77,636	66,351
Prepaid expenses and other current assets	2,633	(5,161)	(13,337)
Accounts payable	8,140	46,525	(1,665)
Accrued liabilities	25,077	(39,751)	(171,793)
Income taxes	(82,531)	94,009	25,581
Cash provided by operating activities	1,160,793	1,249,007	906,038
Investing activities:			
Capital expenditures	(240,671)	(231,961)	(153,969)
Proceeds from disposals of property, plant and equipment	22,252	16,979	33,533
Acquisitions, net of cash acquired	(126,549)	(112,847)	(13,554)
Proceeds from divestitures	51,150	71,177	54,981
Proceeds from spin-off	—	—	1,063,557
Purchases of short-term investments	(293,475)	(83,200)	—
Sales of short-term investments	333,475	43,200	—
Other items, net	(10,236)	(4,450)	(23,460)
Cash (used for)/provided by investing activities	(264,054)	(301,102)	961,088
Financing activities:			
Payments on long-term debt	(480,471)	(74,317)	(741,206)
Proceeds from/(payments on) commercial paper and short-term debt, net	26,468	(144,721)	(176,214)
Dividends	(398,869)	(379,926)	(521,611)
Purchase of treasury stock	(291,348)	(170,129)	—
Exercise of stock options	79,383	112,705	7,495
Other items, net	13,952	12,466	14,994
Cash used for financing activities	(1,050,885)	(643,922)	(1,416,542)
Effect of exchange rate changes on cash and cash equivalents	69,660	34,324	46,517
Effect of discontinued operations	28,196	—	102,228
Net (decrease)/increase in cash and cash equivalents	(56,290)	338,307	599,329
Cash and cash equivalents at beginning of year	1,140,039	801,732	202,403
Cash and cash equivalents at end of year	$ 1,083,749	$ 1,140,039	$ 801,732

See Notes to Consolidated Financial Statements.

H. J. Heinz Company and Subsidiaries
Notes to Consolidated Financial Statements

1. Significant Accounting Policies

Fiscal Year:

H. J. Heinz Company (the "Company") operates on a 52-week or 53-week fiscal year ending the Wednesday nearest April 30. However, certain foreign subsidiaries have earlier closing dates to facilitate timely reporting. Fiscal years for the financial statements included herein ended April 27, 2005, April 28, 2004 and April 30, 2003.

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company, and entities in which the Company maintains a controlling financial interest. Control is generally determined based on the majority ownership of an entity's voting interests. In certain situations, control is based on participation in the majority of an entity's economic risks and rewards. The Company has no material investments in variable interest entities. Investments in certain companies over which the Company exerts significant influence, but does not control the financial and operating decisions, are accounted for as equity method investments. All intercompany accounts and transactions are eliminated. Certain prior-year amounts have been reclassified in order to conform with the Fiscal 2005 presentation.

As of the end of November 2002, the Company deconsolidated its Zimbabwean operations and classified its remaining net investment of approximately $110 million as a cost investment included in other non-current assets on the consolidated balance sheets. Although the Company's business continues to operate profitably and it is able to source raw materials, the country's economic situation remains uncertain and there are government restrictions on the repatriation of earnings. The Company's ability to recover its investment could become impaired if the economic and political uncertainties continue to deteriorate.

Use of Estimates:

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Translation of Foreign Currencies:

For all significant foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of shareholders' equity. Gains and losses from foreign currency transactions are included in net income for the period.

Cash Equivalents:

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Inventories:

Inventories are stated at the lower of cost or market. Cost is determined principally under the average cost method.

Property, Plant and Equipment:

Land, buildings and equipment are recorded at cost. For financial reporting purposes, depreciation is provided on the straight-line method over the estimated useful lives of the assets, which generally have the following ranges: buildings—40 years or less, machinery and equipment—15 years or less, computer software—3-5 years, and leasehold improvements—over the life of the lease, not to exceed 15 years. Accelerated depreciation methods are generally used for income tax purposes. Expenditures for new facilities and improvements that substantially extend the capacity or useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When property is retired or otherwise disposed, the cost and related depreciation are removed from the accounts and any related gains or losses are included in income. Property, plant and equipment are reviewed for possible impairment when appropriate. The Company's impairment review is based on an undiscounted cash flow analysis at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset exceeds the future undiscounted cash flows. When an impairment is indicated, the asset is written down to its fair value.

Intangibles:

Intangible assets with finite useful lives are amortized on a straight-line basis over the estimated periods benefited, and are reviewed when appropriate for possible impairment, similar to property, plant and equipment. Goodwill and intangible assets with indefinite useful lives are not amortized. The carrying values of goodwill and other intangible assets with indefinite useful lives are tested at least annually for impairment.

Revenue Recognition:

The Company recognizes revenue when title, ownership and risk of loss pass to the customer. This occurs upon delivery of the product to the customer. Customers do no have the right to return products unless damaged or defective. Revenue is recorded, net of sales incentives, and includes shipping and handling charges billed to customers. Shipping and handling costs are classified as part of cost of sales.

Marketing Costs:

The Company promotes its products with advertising, consumer incentives and trade promotions. Such programs include, but are not limited to, discounts, coupons, rebates, in-store display incentives and volume-based incentives. Advertising costs are expensed as incurred. Consumer incentive and trade promotion activities are recorded as a reduction of revenue based on amounts estimated as being due to customers and consumers at the end of a period, based principally on historical utilization and redemption rates. For interim reporting purposes, advertising, consumer incentive and product placement expenses are charged to operations as a percentage of volume, based on estimated volume and related expense for the full year.

Income Taxes:

Deferred income taxes result primarily from temporary differences between financial and tax reporting. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

The Company has not provided for possible U.S. taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely. Calculation of the unrecognized deferred tax liability for temporary differences related to these earnings is not practicable.

Stock-Based Employee Compensation Plans:

Stock-based compensation is accounted for by using the intrinsic value-based method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees."

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the Company's stock option plans. If the Company had elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123, income and earnings per share from continuing operations before cumulative effect of change in accounting principle would have been as follows:

	Fiscal Year Ended		
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*
	(Dollars in thousands, except per share amounts)		
Income from continuing operations before cumulative effect of change in accounting principle:			
As reported	$735,822	$778,933	$555,359
Fair value-based expense, net of tax	17,846	25,007	26,109
Pro forma	$717,976	$753,926	$529,250
Income per common share from continuing operations before cumulative effect of change in accounting principle:			
Diluted			
As reported	$ 2.08	$ 2.20	$ 1.57
Pro forma	$ 2.03	$ 2.13	$ 1.49
Basic			
As reported	$ 2.10	$ 2.21	$ 1.58
Pro forma	$ 2.05	$ 2.14	$ 1.51

The weighted-average fair value of options granted was $9.33 per share in Fiscal 2005, $5.90 per share in Fiscal 2004 and $6.86 per share in Fiscal 2003.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2005	2004	2003
Dividend yield	3.0%	3.3%	4.3%
Volatility	25.4%	20.1%	25.2%
Risk-free interest rate	4.4%	3.7%	4.0%
Expected term (years)	7.9	6.5	6.5

Financial Instruments:

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, short-term and long-term debt, swaps, forward contracts, and option contracts. The carrying values for the Company's financial instruments approximate fair value. As a policy, the Company does not engage in speculative or leveraged transactions, nor does the Company hold or issue financial instruments for trading purposes.

The Company uses derivative financial instruments for the purpose of hedging currency and interest rate exposures, which exist as part of ongoing business operations. The Company carries derivative instruments on the balance sheet at fair value, determined by reference to quoted market data. Derivatives with scheduled maturities of less than one year are included in receivables or accounts payable, based on the instrument's fair value. Derivatives with scheduled maturities beyond one year are presented as a component of other non-current assets or other liabilities, based on the instrument's fair value. The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. The cash flows related to derivative instruments are classified in the consolidated statements of cash flows within operating activities as a component of other items, net.

The $40 million of auction rate securities that the Company held as of April 28, 2004 have been reclassified from cash and cash equivalents to short-term investments in the consolidated balance sheets. Corresponding adjustments have also been made to the consolidated statements of cash flows to reflect the gross purchases and sales of these securities as investing activities rather than as a component of cash and cash equivalents. The Company no longer owns auction rate securities as of April 27, 2005.

2. Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), "Share-Based Payment", which revises SFAS No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". This Statement focuses primarily on accounting for transactions in which an entity compensates employee services through share-based payments. This Statement requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the reward. On April 18, 2005, the Securities and Exchange Commission adopted a new rule that amended the compliance dates of SFAS No. 123(R) to require the implementation no later than the beginning of the first fiscal year beginning after June 15, 2005. Early adoption of the Statement is permissable. The Company plans on adopting this Statement in Fiscal 2007.

In December 2004, the FASB issued FASB Staff Position ("FSP") No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." The FSP provides guidance on the accounting and disclosures for the temporary repatriation provision of the American Jobs Creation Act. The Company has adopted the disclosure provisions of the FSP which apply to entities that have not yet completed their evaluation of the repatriation provision, and will expand its disclosures in accordance with the FSP upon completion of the final evaluation.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." This Statement is meant to eliminate any narrow differences existing between the FASB standards and the standards issued by the International Accounting Standards Board by clarifying that any abnormal idle facility expense, freight, handling costs and spoilage be recognized as current-period charges. This Statement is required to be adopted by the Company in the first quarter of Fiscal 2007; however, early application is permitted. The Company does not expect the adoption of this Statement to have a material impact on results of operations, financial position or cash flows.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act") was signed into law. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retirement health care plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. In January 2005, final Medicare prescription drug rules were issued. The provisions of the Act resulted in a reduction of the Company's benefit obligation of approximately $18.8 million and has been reflected as an actuarial gain. The total reduction in benefit cost for Fiscal 2005 is $2.3 million, comprised of $0.9 million of interest cost, $0.1 million of service cost, and $1.4 million reduction in unrecognized loss amortization, recognized on a pro-rata basis.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement affects the classification, measurement and disclosure requirements of certain freestanding financial instruments including mandatorily redeemable shares. SFAS No. 150 was effective for the Company for the second quarter of Fiscal 2004. The adoption of SFAS No. 150 required the prospective classification of H.J. Heinz Finance Company's $325 million of mandatorily redeemable preferred shares from minority interest to long-term debt and the $5.1 million quarterly preferred dividend from other expenses to interest expense beginning in the second quarter ended October 29, 2003, with no resulting effect on the Company's profitability.

3. Special Items

Asset impairments

In the fourth quarter of Fiscal 2005, the Company recognized a non-cash asset impairment charge of $27.0 million pre-tax ($18.0 million after-tax) on the HAK vegetable product line in Northern Europe. The charge, which is recorded as a component of cost of products sold, relates to the anticipated disposition of the product line in early Fiscal 2006. The net assets related to the HAK product line total approximately $82.7 million and are comprised primarily of inventory, property, plant and equipment and trademarks.

The Company holds an equity investment in The Hain Celestial Group, Inc. ("Hain"), a natural, specialty and snack food company. Hain shares traded at less than 80% of Heinz's carrying value since late January 2004. Due to the length of time and the amount that Hain stock had traded below the Company's basis, the Company determined that the decline was other-than-

temporary as defined by Accounting Principles Board Opinion No. 18 and as a result, recognized a $64.5 million non-cash impairment charge during the third quarter of Fiscal 2005. The charge reduced Heinz's carrying value in Hain to fair market value as of January 26, 2005, with no resulting impact on cash flows. Heinz currently owns approximately six million shares of Hain stock, with a book value of approximately $20.00 per share as of April 27, 2005. In the future, should the market value of Hain common stock decline and remain below current market value for a substantial time, the Company could be required to record additional writedowns of its investment in Hain. The Company also recorded a $9.3 million non-cash charge in the third quarter of Fiscal 2005 to recognize the impairment of a cost-basis investment in a grocery industry-sponsored e-commerce business venture. There was no tax benefit associated with these impairment charges.

Discontinued operations

On December 20, 2002, Heinz transferred to a wholly-owned subsidiary ("SKF Foods") certain assets and liabilities, including its U.S. and Canadian pet food and pet snacks, U.S. tuna, U.S. retail private label soup and private label gravy, College Inn broths and its U.S. infant feeding businesses and distributed all of the shares of SKF Foods common stock on a pro rata basis to its shareholders. Immediately thereafter, SKF Foods merged with a wholly-owned subsidiary of Del Monte Foods Company ("Del Monte") resulting in SKF Foods becoming a wholly-owned subsidiary of Del Monte.

In accordance with accounting principles generally accepted in the United States of America, the operating results related to these businesses spun off to Del Monte have been treated as discontinued operations in the Company's consolidated statements of income. Net income from discontinued operations for the years ended April 27, 2005 and April 28, 2004 was $16.9 million and $25.3 million, respectively, and reflects the favorable settlement of tax liabilities related to the businesses spun-off to Del Monte. The discontinued operations generated sales of $1,091.3 million and net income of $88.7 million (net of $35.4 million in tax) for Fiscal 2003.

Divestitures and Other Reorganization Costs

During the first quarter of Fiscal 2004, the Company sold its bakery business in Northern Europe for $57.9 million. The transaction resulted in a pretax gain of $26.3 million ($13.3 million after tax), which was recorded as a component of selling, general and administrative expenses ("SG&A"). Additionally, the Company made several other small divestitures in Fiscal 2005 and Fiscal 2004, none of which are material.

In Fiscal 2004, the Company recognized $17.1 million pretax ($11.0 million after tax) of reorganization costs. These costs were recorded as a component of SG&A and were primarily due to employee termination and severance costs. Also, during Fiscal 2004, the Company wrote down pizza crust assets in the United Kingdom totaling $4.0 million pretax ($2.8 million after tax) which has been included as a component of cost of products sold.

In Fiscal 2003, Del Monte transaction costs and costs to reduce overhead of the remaining business totaled $164.6 million pretax ($113.1 million after-tax) and were comprised of $61.8 million for legal, professional and other related costs, $51.3 million in employee termination and severance costs, $39.6 million related to the early retirement of debt, and $12.0 million in non-cash asset write-downs. Of this amount, $6.1 million was included in cost of products sold, $118.9 million in SG&A, and $39.6 million in other expense, net.

In Fiscal 2003, losses on the exit of non-strategic businesses, primarily the UK frozen pizza business and a North American fish and frozen vegetable business, totaled $62.4 million pretax

($49.3 million after-tax), and were comprised of $39.7 million in non-cash asset write-downs, $12.1 million in losses on the sale of businesses and $10.6 million in employee termination, severance and other exit costs. Of these amounts, $47.3 million was included in cost of products sold and $15.1 million in SG&A.

During Fiscal 2005, the Company utilized $9.9 million of severance and exit cost accruals related to reorganization costs. Amounts included in accrued expenses related to these initiatives totaled $10.0 million at April 28, 2004.

4. Acquisitions

The Company made several acquisitions in Fiscal 2005, 2004 and 2003 for a total purchase price of $132.1 million, $117.4 million and $13.6 million, respectively, none of which were significant. The Fiscal 2005 acquisitions include Shanghai LongFong Foods, a maker of frozen Chinese snacks and desserts, Appetizers And, Inc., a manufacturer and marketer of high quality, frozen hors d'oeuvres sold primarily to the U.S. foodservice industry, and certain assets from ABAL, S.A. de C.V., a Mexican foodservice company. The Fiscal 2004 acquisitions include Unifine Richardson B.V., a Canadian manufacturer of salad dressings, sauces, and dessert toppings, and Truesoups LLC, a manufacturer and marketer of premium frozen soups designed primarily for the foodservice trade.

All of the acquisitions have been accounted for as purchases and, accordingly, the respective purchase prices have been allocated to the respective assets and liabilities based upon their estimated fair values as of the acquisition date. Operating results of businesses acquired have been included in the consolidated statements of income from the respective acquisition dates forward. There are no significant contingent payments, options or commitments associated with any of the acquisitions. Pro forma results of the Company, assuming all of the acquisitions had occurred at the beginning of each period presented, would not be materially different from the results reported.

5. Goodwill and Other Intangible Assets

Effective May 2, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under this standard, goodwill and intangibles with indefinite useful lives are no longer amortized. This standard also requires, at a minimum, an annual impairment assessment of the carrying value of goodwill and intangibles with indefinite useful lives. The reassessment of intangible assets, including the ongoing impact of amortization, and the assignment of goodwill to reporting units was completed during the first quarter of Fiscal 2003.

The Company completed its transitional goodwill impairment tests during the second quarter of Fiscal 2003 and, as a result, recorded a transitional impairment charge that was calculated as of May 2, 2002, and recorded as an effect of a change in accounting principle for Fiscal 2003, of $77.8 million. There was no tax effect associated with this charge. The charge, which relates to certain of the Company's reporting units, has been reflected in its segments as follows: Europe $54.6 million, Asia/Pacific $2.7 million, and Other Operating Entities $20.5 million.

The transitional impairment charge resulted from application of the new impairment methodology introduced by SFAS No. 142. Previous accounting rules incorporated a comparison of carrying value to undiscounted cash flows, whereas new rules require a comparison of carrying value to discounted cash flows, which are lower. Under previous requirements, no goodwill impairment would have been recorded on May 2, 2002.

The annual impairment tests are performed in the fourth quarter of each fiscal year unless events suggest an impairment may have occurred in the interim.

Changes in the carrying amount of goodwill for the fiscal year ended April 27, 2005, by reportable segment, are as follows:

	North American Consumer Products	*U.S. Foodservice*	*Europe*	*Asia/ Pacific*	*Other Operating Entities*	*Total*
			(Thousands of dollars)			
Balance at April 28, 2004	$923,939	$179,544	$670,935	$165,646	$19,850	$1,959,914
Acquisitions	—	52,008	1,541	21,662	4,735	79,946
Purchase accounting adjustments	(11,099)	(1,185)	35,895	(298)	586	23,899
Disposal	(2,548)	—	(474)	—	(483)	(3,505)
Translation adjustments	7,414	—	55,861	20,915	903	85,093
Impairment	—	—	—	—	(6,848)	(6,848)
Balance at April 27, 2005	$917,706	$230,367	$763,758	$207,925	$18,743	$2,138,499

During Fiscal 2005, the Company acquired a controlling interest in Shanghai LongFong Foods, Appetizers And, Inc., and certain assets from ABAL, S.A. de C.V. Preliminary purchase price allocations have been recorded for each of these acquisitions. The Company expects to finalize the purchase price allocations related to these acquisitions during Fiscal 2006 upon completion of third-party valuation procedures. During the fourth quarter of Fiscal 2005, the Company finalized the purchase price allocation related to the Fiscal 2004 acquisition of Unifine Richardson B.V., within the North American Consumer Products segment. The purchase accounting adjustment in the Europe segment primarily represents a correction to the deferred income tax liabilities related to the Fiscal 2001 acquisition of CSM Nederland NV.

The impairment in the above table, which was classified within cost of products sold, was recognized due to a deterioration of current and expected operating results of a consolidated joint venture following a recall in Fiscal 2004. The Company reached an agreement with third parties, the proceeds of which were offset by the impairment and other damages incurred to date. No other goodwill impairment charges were recognized in Fiscal 2005.

Trademarks and other intangible assets at April 27, 2005 and April 28, 2004, subject to amortization expense, are as follows:

	April 27, 2005			*April 28, 2004*		
	Gross	*Accum Amort*	*Net*	*Gross*	*Accum Amort*	*Net*
			(Thousands of dollars)			
Trademarks	$221,019	$ (61,616)	$159,403	$188,927	$ (50,505)	$138,422
Licenses	208,186	(123,911)	84,275	208,186	(118,504)	89,682
Other	155,481	(68,081)	87,400	123,394	(63,156)	60,238
	$584,686	$(253,608)	$331,078	$520,507	$(232,165)	$288,342

Amortization expense for trademarks and other intangible assets subject to amortization was $18.4 million, $17.1 million, and $20.4 million for the fiscal years ended April 27, 2005, April 28, 2004, and April 30, 2003, respectively. Based upon the amortizable intangible assets recorded on the balance sheet as of April 27, 2005, amortization expense for each of the next five fiscal years is estimated to be approximately $18 million.

Intangible assets not subject to amortization at April 27, 2005 and April 28, 2004, were $492.2 million and $505.5 million, respectively, and consisted solely of trademarks.

6. Income Taxes

The following table summarizes the provision/(benefit) for U.S. federal, state and foreign taxes on income from continuing operations.

	2005	2004	2003
	(Dollars in thousands)		
Current:			
U.S. federal	$ 66,679	$ 72,766	$ (1,701)
State	9,128	7,119	9,218
Foreign	193,128	212,191	172,535
	268,935	292,076	180,052
Deferred:			
U.S. federal	45,020	59,394	89,111
State	3,144	3,606	3,721
Foreign	5,693	34,542	40,488
	53,857	97,542	133,320
Provision for income taxes	$322,792	$389,618	$313,372

Tax expense resulting from allocating certain net tax benefits directly to additional capital was $10.5 million in Fiscal 2005, $4.4 million in Fiscal 2004 and $1.1 million in Fiscal 2003.

The components of income from continuing operations before income taxes consist of the following:

	2005	2004	2003
	(Dollars in thousands)		
Domestic	$ 385,926	$ 332,010	$139,669
Foreign	672,688	836,541	729,062
From continuing operations	$1,058,614	$1,168,551	$868,731

The differences between the U.S. federal statutory tax rate and the Company's consolidated effective tax rate on continuing operations are as follows:

	2005	2004	2003
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Tax on income of foreign subsidiaries	(7.3)	(3.7)	(4.2)
State income taxes (net of federal benefit)	0.8	0.7	1.2
Earnings repatriation	(0.7)	1.9	0.8
Losses (recognized)/not recognized for tax	3.5	(1.0)	0.7
Tax law changes	0.1	0.1	(0.5)
Other	(0.9)	0.3	3.1
Effective tax rate	30.5%	33.3%	36.1%

The reduction in the effective tax rate in Fiscal 2005 is attributable to changes to the capital structure in certain foreign subsidiaries, tax credits resulting from tax planning associated with a change in certain foreign tax legislation, reduction of the charge associated with remittance of foreign dividends and the settlement of tax audits, partially offset by impairment charges for

Hain, an e-commerce business venture, and other operating losses for which no tax benefit can currently be recorded. The Fiscal 2004 and 2003 effective tax rates were unfavorably impacted by reorganization and related costs expected to be realized in lower tax rate jurisdictions and by nondeductible expenses related to the restructurings.

The American Jobs Creation Act ("the AJCA") provides a deduction of 85% on certain foreign earnings repatriation. The Company may elect to apply this provision in Fiscal 2006. The Company does not expect to be able to complete its evaluation of the effects of the repatriation provisions until after the Treasury Department provides additional guidance on key elements of the provision. The Company expects to complete its evaluation within a reasonable period of time after final guidance is issued. The range of amounts that the Company is currently considering for repatriation under this provision is between zero and $750 million. The related potential range of income tax (based upon our expectation of how certain technical issues will be resolved in the final guidance) is between zero and $20 million.

The AJCA provides a deduction calculated as a percentage of qualified income from manufacturing in the United States. The percentage increases from 3% to 9% over a 6 year period beginning with the Company's 2006 fiscal year. In December 2004, the FASB issued a new staff position providing for this deduction to be treated as a special deduction, as opposed to a tax rate reduction, in accordance with SFAS No. 109. The benefit of this deduction is not expected to have a material impact on the Company's effective tax rate in Fiscal 2006.

The following table and note summarize deferred tax (assets) and deferred tax liabilities as of April 27, 2005 and April 28, 2004.

	2005	*2004*
	(Dollars in thousands)	
Depreciation/amortization	$ 470,758	$ 408,839
Benefit plans	141,888	42,313
Other	106,409	82,251
Deferred tax liabilities	719,055	533,403
Hedging losses—net	—	(32,768)
Operating loss carryforwards	(56,044)	(37,339)
Benefit plans	(105,467)	(127,198)
Investments	(27,434)	—
Tax credit carryforwards	(36,243)	—
Other	(90,834)	(106,471)
Deferred tax assets	(316,022)	(303,776)
Valuation allowance	70,248	19,599
Net deferred tax liabilities	$ 473,281	$ 249,226

The Company also has foreign deferred tax assets and valuation allowances of $129.1 million each, related to statutory increases in the capital tax bases of certain internally generated intangible assets for which the probability of realization is remote.

The net change in the Fiscal 2005 valuation allowance shown above is an increase of $50.6 million. The increase was primarily due to increases in the valuation allowance related to additional deferred tax assets for loss carryforwards of $43.8 million. The net change in the Fiscal 2004 and 2003 valuation allowances was a decrease of $43.2 million and $37.6 million, respectively. These

decreases were primarily due to decreases in deferred tax assets for foreign tax credit and loss carryforwards.

At the end of Fiscal 2005, foreign operating loss carryforwards totaled $162.0 million. Of that amount, $92.4 million expire between 2006 and 2023; the other $69.6 million do not expire. Deferred tax assets of $9.3 million have been recorded for state operating loss carryforwards. These losses expire between 2006 and 2025 and have been fully reserved. Foreign tax credit carryforwards total $35.4 million and expire in 2015.

Undistributed earnings of foreign subsidiaries considered to be indefinitely reinvested amounted to $3.1 billion at April 27, 2005.

During the third quarter of Fiscal 2004, the Company reorganized certain of its foreign operations and as a result incurred a foreign income tax liability. This tax liability was settled during the third quarter of Fiscal 2005 due to a cash payment of $124.9 million. Because the Company increased the tax basis in amortizable assets, cash flow is expected to be positive in each of the eight years following Fiscal 2006. Also during the third quarter of Fiscal 2004, the Company filed suit seeking a refund of federal income tax related to a transaction completed in Fiscal 1995. Receipt of the refund would have a positive effect on the Company's cash flow with no earnings impact as the offset would be a credit to additional paid-in capital.

7. Debt

Short-term debt consisted of bank debt and other borrowings of $28.5 million and $11.4 million as of April 27, 2005 and April 28, 2004, respectively. The weighted average interest rate was 4.7% and 4.3% for Fiscal 2005 and Fiscal 2004, respectively.

In August 2004, the Company and H.J. Heinz Finance Company amended their $600 million 364-Day Credit Agreement and their $1.5 billion Five-Year Credit Agreement by combining the agreements into a $2.0 billion Five-Year Credit Agreement, expiring August 2009. The Credit Agreement supports the Company's commercial paper borrowings and the remarketable securities. As a result, these borrowings are classified as long-term debt based upon the Company's intent and ability to refinance these borrowings on a long-term basis. In addition, the Company had $1.1 billion of foreign lines of credit available at April 27, 2005.

Long-term debt was comprised of the following as of April 27, 2005 and April 28, 2004:

	2005	2004
	(Dollars in thousands)	
5.00% Euro Notes due January 2005	$ —	$ 355,303
6.85% New Zealand Dollar Notes due February 2005	—	55,971
5.125% Euro Notes due April 2006	540,208	493,539
6.00% U.S. Dollar Notes due March 2008	299,420	299,221
6.226% Heinz Finance Preferred Stock due July 2008	325,000	325,000
6.625% U.S. Dollar Notes due July 2011	749,353	749,248
6.00% U.S. Dollar Notes due March 2012	696,462	695,944
U.S. Dollar Remarketable Securities due November 2020	800,000	800,000
6.375% U.S. Dollar Debentures due July 2028	243,625	243,350
6.25% British Pound Notes due February 2030	236,230	219,700
6.75% U.S. Dollar Notes due March 2032	547,502	547,409
Other U.S. Dollar due December 2005—November 2034 (3.00—8.02%)	9,963	10,193
Other Non-U.S. Dollar due June 2005—March 2022 (3.71—11.00%)	32,933	42,793
	4,480,696	4,837,671
SFAS 133 Hedge Accounting Adjustments (See Note 13)	186,086	125,325
Less portion due within one year	(544,798)	(425,016)
Total long-term debt	$4,121,984	$4,537,980
Weighted-average interest rate on long-term debt, including the impact of applicable interest rate swaps	4.06%	3.69%

In the third quarter of Fiscal 2005, the Company paid off €300 million of bonds ($404.7 million) which matured on January 5, 2005. In the fourth quarter of Fiscal 2005, the Company paid off NZ$90 million of bonds ($61.3 million) which matured on February 15, 2005.

The fair value of the debt obligations approximated the recorded value as of April 27, 2005 and April 28, 2004. Annual maturities of long-term debt during the next five fiscal years are $544.8 million in 2006, $2.3 million in 2007, $301.8 million in 2008, $327.4 million in 2009 and $2.2 million in 2010.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement affects the classification, measurement and disclosure requirements of certain financial instruments, including mandatorily redeemable shares. SFAS No. 150 was effective for the Company in the second quarter of Fiscal 2004. The adoption of SFAS No. 150 required the prospective classification of Heinz Finance's $325 million of mandatorily redeemable preferred shares from minority interest to long-term debt.

As of April 27, 2005, the Company had $800 million of remarketable securities due December 2020. These securities are subject to an annual remarketing on each December 1, and the interest rate is reset on such dates. If the securities are not remarketed, then the Company is required to repurchase all of the securities at 100% of the principal amount plus accrued interest. On December 1, 2004, the securities were remarketed at a coupon of 6.189%.

8. Shareholders' Equity

Capital Stock:

The preferred stock outstanding is convertible at a rate of one share of preferred stock into 15 shares of common stock. The Company can redeem the stock at $28.50 per share.

As of April 27, 2005, there were authorized, but unissued, 2,200,000 shares of third cumulative preferred stock for which the series had not been designated.

Employee Stock Ownership Plan ("ESOP"):

The Company established an ESOP in 1990 to replace in full or in part the Company's cash-matching contributions to the H. J. Heinz Company Employees Retirement and Savings Plan, a 401(k) plan for salaried employees. Matching contributions to the 401(k) plan are based on a percentage of the participants' contributions, subject to certain limitations.

Global Stock Purchase Plan ("GSPP"):

On September 8, 1999, the shareholders authorized the GSPP that provides for the purchase by employees of up to 3,000,000 shares of the Company's stock through payroll deductions. Employees who choose to participate in the plan receive an option to acquire common stock at a discount. The purchase price per share is the lower of 85% of the fair market value of the Company's stock on the first or last day of a purchase period. During Fiscal 2005, employees purchased 353,156 shares under this plan.

Pension Obligation:

The Company made cash contributions to its pension plans totaling $40 million in Fiscal 2005 compared to $202 million in Fiscal 2004. In addition, the Company recorded an additional minimum liability of $71.6 million and $345.6 million as of April 27, 2005 and April 28, 2004, respectively.

9. Supplemental Cash Flows Information

	2005	2004	2003
	(Dollars in thousands)		
Cash Paid During the Year For:			
Interest	$209,888	$169,671	$ 282,366
Income taxes	$381,443	$221,043	$ 155,843
Details of Acquisitions:			
Fair value of assets	$187,108	$126,082	$ 30,391
Liabilities*	48,179	13,235	11,489
Cash paid	138,929	112,847	18,902
Less cash acquired	12,380	—	5,348
Net cash paid for acquisitions	$126,549	$112,847	$ 13,554
Non-cash activities:			
Net assets spun-off	$ —	$ —	$1,644,195

* Includes obligations to sellers of $5.5 million and $4.6 million in 2005 and 2004, respectively.

10. Employees' Stock Incentive Plans and Management Incentive Plans

Stock Options:

Under the Company's stock option plans, officers and other key employees may be granted options to purchase shares of the Company's common stock. Generally, the option price on outstanding options is equal to the fair market value of the stock at the date of grant. Options are generally exercisable beginning from one to four years after date of grant and have a maximum term of ten years. In Fiscal 1998, in order to place greater emphasis on creation of shareholder value, performance-accelerated stock options were granted to certain key executives. These options vest eight years after the grant date, subject to acceleration if predetermined share price goals are achieved.

Data regarding the Company's stock option plans follows:

	Shares	*Weighted-Average Exercise Price*
Shares under option May 1, 2002	31,309,096	$40.39
Options granted	3,711,410	35.43
Options exercised	(311,376)	33.03
Options surrendered	(402,306)	42.75
Spin off of SKF Foods	3,594,203	—
Shares under option April 30, 2003	37,901,027	36.02
Options granted	4,770,584	34.08
Options exercised	(4,774,004)	22.30
Options surrendered	(412,843)	35.57
Shares under option April 28, 2004	37,484,764	$37.49
Options granted	1,587,038	37.04
Options exercised	(2,845,408)	27.77
Options surrendered	(762,477)	36.54
Shares under option April 27, 2005	35,463,917	$38.27
Options exercisable at:		
April 30, 2003	21,234,857	34.87
April 28, 2004	21,294,299	37.29
April 27, 2005	24,161,285	38.56

The following summarizes information about shares under option in the respective exercise price ranges at April 27, 2005:

	Options Outstanding			*Options Exercisable*	
Range of Exercise Price Per Share	*Number Outstanding*	*Weighted-Average Remaining Life (Years)*	*Weighted-Average Remaining Exercise Price Per Share*	*Number Exercisable*	*Weighted-Average Exercise Price*
$26.20-$35.61	17,716,959	5.36	$32.52	10,590,822	$32.24
$35.62-$39.98	7,302,022	6.55	38.44	5,666,527	38.83
$39.99-$54.00	10,444,936	3.32	47.90	7,903,936	46.84
	35,463,917	5.00	$38.27	24,161,285	$38.56

The shares authorized but not granted under the Company's stock incentive plans were 16,526,868 at April 27, 2005 and 17,785,026 at April 28, 2004. Common stock reserved for stock incentive plans totaled 53,478,569 at April 27, 2005 and 56,793,480 at April 28, 2004.

Annual Incentive Bonus:

The Company's management incentive plan covers officers and other key employees. Participants may elect to be paid on a current or deferred basis. The aggregate amount of all awards may not exceed certain limits in any year. Compensation under the management incentive plans was approximately $26 million in Fiscal 2005, $26 million in Fiscal 2004 and $19 million in Fiscal 2003.

Other Long-Term Incentive Programs

Restricted Stock Units:

On September 12, 2002, the shareholders of the Company approved the "Fiscal Year 2003 Stock Incentive Plan", which permits the issuance of Restricted Stock Units ("RSUs") to employees with vesting periods between one and five years depending on the achievement of pre-defined goals. Upon vesting, the RSUs are converted into shares of the Company's common stock on a one-for-one basis and issued to the employees. The following table presents a summary of RSU activity:

	Units
Unit balance May 1, 2002	—
Units granted	882,071
Units fully vested	—
Units surrendered	(7,731)
Spin off of SKF Foods	(91,909)
Unit balance April 30, 2003	782,431
Units granted	928,066
Units fully vested	(172,462)
Units surrendered	(14,345)
Unit balance April 28, 2004	1,523,690
Units granted	391,968
Units fully vested	(392,303)
Units surrendered	(35,571)
Unit balance April 27, 2005	1,487,784

The number of RSUs awarded to employees is determined by the fair market value of the Company's stock on the grant date. The fair value of the awards granted has been recorded as unearned compensation and is shown as a separate component of shareholders' equity. Unearned compensation is amortized over the vesting period for the particular grant, and is recognized as a component of general and administrative expenses. The RSU liability is classified as a component of additional paid in capital in the consolidated balance sheets. The Company recognized amortization related to the unearned compensation of $15.5 million in Fiscal 2005, $18.1 million in Fiscal 2004 and $5.8 million in Fiscal 2003.

Performance Unit Awards Program:

In Fiscal 2005, the Company granted performance awards as permitted in the Fiscal Year 2003 Stock Incentive Plan, subject to the achievement of certain performance goals. These performance awards are tied to the Company's financial measures of net income and sales growth over a

two year period. Awards are payable at the end of the two year performance period based upon the Company achieving these targets. Once the minimum net income target is met, the amount of any award is dependent upon the level of sales growth of the Company for the performance period. Expense is recognized based upon management's estimate of the likelihood of meeting the performance targets based on current and future expectations of the Company's performance. In Fiscal 2005, there was no expense recognized under this plan.

11. Retirement Plans

The Company maintains retirement plans for the majority of its employees. Current defined benefit plans are provided primarily for domestic union and foreign employees. Defined contribution plans are provided for the majority of its domestic non-union hourly and salaried employees as well as certain employees in foreign locations. The Company uses an April 30 measurement date for its domestic plans and a March 31 measurement date for foreign plans.

The following table sets forth the funded status of the Company's principal defined benefit plans at April 27, 2005 and April 28, 2004.

	2005	2004
	(Dollars in thousands)	
Change in Benefit Obligation:		
Benefit obligation at the beginning of the year	$2,106,788	$1,922,554
Service cost	46,102	42,250
Interest cost	122,981	114,822
Participants' contributions	11,082	10,355
Amendments	(34,173)	1,052
Actuarial loss	74,464	15,370
Settlement	(7,151)	(9,887)
Benefits paid	(108,185)	(113,499)
Exchange/other	130,793	123,771
Benefit obligation at the end of the year	2,342,701	2,106,788
Change in Plan Assets:		
Fair value of plan assets at the beginning of the year	$1,984,407	$1,511,880
Actual return on plan assets	173,108	282,740
Settlement	(7,151)	(9,450)
Employer contribution	39,878	201,512
Participants' contributions	11,082	10,355
Benefits paid	(108,185)	(113,499)
Exchange	120,004	100,869
Fair value of plan assets at the end of the year	2,213,143	1,984,407
Funded status	(129,558)	(122,381)
Unamortized prior service cost	15,918	57,359
Unamortized net actuarial loss	849,937	789,804
Unamortized net initial asset	(23)	(845)
Net amount recognized	$ 736,274	$ 723,937

	2005	2004
	(Dollars in thousands)	
Amount recognized in the consolidated balance sheet consists of:		
Prepaid benefit cost	$ 758,822	$ 282,913
Other miscellaneous assets	—	47,295
Accrued benefit liability	(132,765)	(106,539)
Accumulated other comprehensive (income)/loss	110,217	500,268
Net amount recognized	$ 736,274	$ 723,937

The accumulated benefit obligation for all defined benefit pension plans was $2,166.6 million at April 27, 2005 and $1,954.7 million at April 28, 2004. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were $525.6 million, $461.7 million and $360.7 million, respectively, as of April 27, 2005 and $1,304.0 million, $1,197.2 million and $1,139.8 million, respectively, as of April 28, 2004. The change in minimum liability included in other comprehensive (income)/loss was a decrease of $390.1 million at April 27, 2005 and a decrease of $158.7 million at April 28, 2004. The prepaid benefit cost is included in other non-current assets in the consolidated balance sheets.

The weighted-average rates used for the years ended April 27, 2005 and April 28, 2004 in determining the projected benefit obligations for defined benefit plans were as follows:

	2005	2004
Discount rate	5.5%	5.8%
Compensation increase rate	4.0%	3.9%

Total pension cost of the Company's principal pension plans consisted of the following:

	2005	2004	2003
	(Dollars in thousands)		
Components of defined benefit net periodic benefit cost:			
Service cost	$ 46,102	$ 42,250	$ 35,980
Interest cost	122,981	114,822	106,115
Expected return on assets	(168,371)	(151,130)	(152,237)
Amortization of:			
Net initial asset	(862)	(798)	(1,325)
Prior service cost	9,251	8,697	8,815
Net actuarial loss	56,506	41,177	10,472
Loss/(gain) due to curtailment, settlement and special termination benefits	—	(2,348)	13,356
Net periodic benefit cost	65,607	52,670	21,176
Defined contribution plans	25,118	22,493	24,786
Total pension cost	90,725	75,163	45,962
Less pension cost associated with discontinued operations	—	—	(5,901)
Pension cost associated with continuing operations	$ 90,725	$ 75,163	$ 40,061

The weighted-average rates used for the years ended April 27, 2005, April 28, 2004 and April 30, 2003 in determining the defined benefit plans' net pension costs were as follows:

	2005	2004	2003
Expected rate of return	8.2%	8.2%	8.9%
Discount rate	5.8%	5.9%	6.6%
Compensation increase rate	3.9%	4.0%	4.2%

The Company's expected rate of return is determined based on a methodology that considers investment real returns for certain asset classes over historic periods of various durations, in conjunction with the long-term outlook for inflation (i.e. "building block" approach). This methodology is applied to the actual asset allocation, which is in line with the investment policy guidelines for each plan. The Company also considers long-term rates of return for each asset class based on projections from consultants and investment advisers regarding the expectations of future investment performance of capital markets.

Plan Assets:

The Company's defined benefit pension plans' weighted average asset allocation at April 27, 2005 and April 28, 2004 and weighted average target allocation were as follows:

	Plan Assets at		Target
Asset Category	*2005*	*2004*	*Allocation*
Equity securities	64%	63%	64%
Debt securities	33%	33%	34%
Real estate	1%	1%	1%
Other	2%	3%	1%
	100%	100%	100%

The underlying basis of the investment strategy of the Company's defined benefit plans is to ensure that pension funds are available to meet the plans' benefit obligations when they are due. The Company's investment objectives include: prudently investing plan assets in a high-quality, diversified manner in order to maintain the security of the funds; achieving an optimal return on plan assets within specified risk tolerances; and investing according to local regulations and requirements specific to each country in which a defined benefit plan operates. The investment strategy expects equity investments to yield a higher return over the long term than fixed income securities, while fixed income securities are expected to provide certain matching characteristics to the plans' benefit payment cash flow requirements. Company common stock held as part of the Equity Securities amounted to less than one percent of Plan assets at April 27, 2005 and April 28, 2004.

Cash Flows:

The Company contributed approximately $40 million to the defined benefit plans in Fiscal 2005. The Company funds its U.S. defined benefit plans in accordance with IRS regulations, while foreign defined benefit plans are funded in accordance with local laws and regulations in each respective country. Discretionary contributions to the pension funds may also be made by the Company from time to time. Defined benefit plan contributions for the next fiscal year are expected to be approximately $45 million, however actual contributions may be affected by pension asset and liability valuations during the year.

Benefit payments expected in future years are as follows (dollars in thousands):

2006	$121,000
2007	$122,000
2008	$125,000
2009	$130,000
2010	$133,000
Years 2011-2015	$766,175

12. Postretirement Benefits Other Than Pensions and Other Post Employment Benefits

The Company and certain of its subsidiaries provide health care and life insurance benefits for retired employees and their eligible dependents. Certain of the Company's U.S. and Canadian employees may become eligible for such benefits. The Company currently does not fund these benefit arrangements and may modify plan provisions or terminate plans at its discretion. The Company uses an April 30 measurement date for its domestic plans and a March 31 measurement date for the Canadian plan.

The following table sets forth the combined status of the Company's postretirement benefit plans at April 27, 2005 and April 28, 2004.

	2005	*2004*
	(Dollars in thousands)	
Change in benefit obligation:		
Benefit obligation at the beginning of the year	$ 279,349	$ 248,486
Service cost	5,769	4,802
Interest cost	16,057	15,277
Participants' contributions	1,202	1,552
Actuarial loss	6,485	28,913
Benefits paid	(21,319)	(21,551)
Exchange/other	3,244	1,870
Benefit obligation at the end of the year	290,787	279,349
Funded status	(290,787)	(279,349)
Unamortized prior service cost	(8,059)	(11,071)
Unamortized net actuarial loss	84,003	82,997
Net accrued benefit liability	$(214,843)	$(207,423)

The weighted-average discount rate used in the calculation of the accumulated post-retirement benefit obligation at April 27, 2005 and April 28, 2004 was 5.5% and 6.2%, respectively.

Net postretirement costs consisted of the following:

	2005	2004	2003
	(Dollars in thousands)		
Components of defined benefit net periodic benefit cost:			
Service cost	$ 5,769	$ 4,802	$ 5,089
Interest cost	16,057	15,277	15,559
Amortization of:			
Prior service cost	(3,026)	(2,292)	(1,241)
Net actuarial loss	5,634	3,801	732
Loss due to curtailment and special termination benefits	—	749	3,054
Net periodic benefit cost	24,434	22,337	23,193
Less periodic benefit cost associated with discontinued operations	—	—	(2,291)
Periodic benefit cost associated with continuing operations	$24,434	$22,337	$20,902

The weighted-average discount rate used in the calculation of the net postretirement benefit cost was 6.2% in 2005, 6.3% in 2004 and 7.2% in 2003.

The weighted-average assumed annual composite rate of increase in the per capita cost of company-provided health care benefits begins at 10.4% for 2006, gradually decreases to 4.6% by 2011 and remains at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for postretirement medical benefits. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
	(Dollars in thousands)	
Effect on total service and interest cost components	$ 2,380	$ (2,089)
Effect on postretirement benefit obligation	$24,824	$(22,130)

Cash Flows:

The Company paid $21 million for benefits in the postretirement medical plans in Fiscal 2005. The Company funds its postretirement medical plans in order to make payment on claims as they occur during the fiscal year. Payments for the next fiscal year are expected to be approximately $21 million.

Benefit payments expected in future years are as follows (dollars in thousands):

2006	$ 21,000
2007	$ 22,000
2008	$ 22,000
2009	$ 23,000
2010	$ 23,000
Years 2011-2015	$120,000

13. Derivative Financial Instruments and Hedging Activities

The Company operates internationally, with manufacturing and sales facilities in various locations around the world, and utilizes certain derivative financial instruments to manage its foreign currency and interest rate exposures.

Foreign Currency Hedging:

The Company uses forward contracts and to a lesser extent, option contracts to mitigate its foreign currency exchange rate exposure due to forecasted purchases of raw materials and sales of finished goods, and future settlement of foreign currency denominated assets and liabilities. Derivatives used to hedge forecasted transactions and specific cash flows associated with foreign currency denominated financial assets and liabilities that meet the criteria for hedge accounting are designated as cash flow hedges. Consequently, the effective portion of gains and losses is deferred as a component of accumulated other comprehensive (income)/loss and is recognized in earnings at the time the hedged item affects earnings, in the same line item as the underlying hedged item.

The Company has used certain foreign currency debt instruments as net investment hedges of foreign operations. Losses of $32.2 million (net of income taxes of $18.9 million), $13.4 million (net of income taxes of $7.8 million) and $41.9 million (net of income taxes of $23.5 million), which represented effective hedges of net investments, were reported as a component of accumulated other comprehensive (income)/loss within unrealized translation adjustment for the years ended April 27, 2005, April 28, 2004 and April 30, 2003, respectively.

Interest Rate Hedging:

The Company uses interest rate swaps to manage interest rate exposure. These derivatives may be designated as cash flow hedges or fair value hedges depending on the nature of the risk being hedged. Derivatives used to hedge risk associated with changes in the fair value of certain fixed rate debt obligations are primarily designated as fair value hedges. Consequently, changes in the fair value of these derivatives, along with changes in the fair value of the hedged debt obligations that are attributable to the hedged risk, are recognized in current period earnings.

Hedge Ineffectiveness:

Hedge ineffectiveness related to cash flow hedges, which is reported in current period earnings as other income and expense, was not significant for the year ended April 27, 2005, was a net gain of $0.4 million for the year ended April 28, 2004 and was a net loss of $0.8 million for the year ended April 30, 2003. The Company excludes the time value component of option contracts from the assessment of hedge effectiveness.

Deferred Hedging Gains and Losses:

As of April 27, 2005, the Company is hedging forecasted transactions for periods not exceeding one year. During the next 12 months, the Company expects $4.3 million of net deferred loss reported in accumulated other comprehensive (income)/loss to be reclassified to earnings. Net deferred losses reclassified to earnings because the hedged transaction was no longer expected to occur were not significant for the years ended April 27, 2005 and April 28, 2004, and totaled $0.6 million for the year ended April 30, 2003.

Other Activities:

The Company enters into certain derivative contracts in accordance with its risk management strategy that do not meet the criteria for hedge accounting. Although these derivatives do not qualify as hedges, they have the economic impact of largely mitigating foreign currency or interest rate exposures. These derivative financial instruments are accounted for on a full mark to market basis through current earnings even though they were not acquired for trading purposes.

At April 27, 2005, the Company had outstanding currency exchange and interest rate derivative contracts with notional amounts of $1.27 billion and $2.88 billion, respectively. At April 28, 2004, the Company had outstanding currency exchange and interest rate derivative contracts with notional amounts of $983 million and $3.68 billion, respectively. The fair value of derivative financial instruments was a net asset of $177 million and $123 million at April 27, 2005 and April 28, 2004, respectively.

Concentration of Credit Risk:

Counterparties to currency exchange and interest rate derivatives consist of major international financial institutions. The Company continually monitors its positions and the credit ratings of the counterparties involved and, by policy, limits the amount of credit exposure to any one party. While the Company may be exposed to potential losses due to the credit risk of non-performance by these counterparties, losses are not anticipated. During Fiscal 2005, no single customer represented more than 10% of the Company's sales.

14. Net Income Per Common Share

The following are reconciliations of income to income applicable to common stock and the number of common shares outstanding used to calculate basic EPS to those shares used to calculate diluted EPS.

	Fiscal Year Ended		
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*
	(Amounts in thousands)		
Income from continuing operations before cumulative effect of change in accounting principle	$735,822	$778,933	$555,359
Preferred dividends	15	16	19
Income from continuing operations applicable to common stock before cumulative effect of change in accounting principle	735,807	778,917	555,340
Cumulative effect of change in accounting principle	—	—	(77,812)
Income from continuing operations applicable to common stock	$735,807	$778,917	$477,528
Average common shares outstanding—basic	350,042	351,810	351,250
Effect of dilutive securities:			
Convertible preferred stock	137	145	147
Stock options and restricted stock	3,271	2,417	2,747
Average common shares outstanding—diluted	353,450	354,372	354,144

Stock options outstanding of 15.9 million, 16.6 million and 18.4 million as of April 27, 2005, April 28, 2004 and April 30, 2003, respectively, were not included in the above net income per diluted share calculations because to do so would have been antidilutive for the periods presented.

15. Segment Information

The Company's segments are primarily organized by geographical area. The composition of segments and measure of segment profitability are consistent with that used by the Company's management.

Descriptions of the Company's segments are as follows:

- ***North American Consumer Products*—**This segment primarily manufactures, markets and sells ketchup, condiments, sauces, pasta meals and frozen potatoes, entrees, snacks and appetizers to the grocery channels in the United States of America and includes our Canadian business.
- ***U.S. Foodservice*—**This segment primarily manufactures, markets and sells branded and customized products to commercial and non-commercial food outlets and distributors in the United States of America including ketchup, condiments, sauces and frozen soups, desserts and appetizers.
- ***Europe*—**This segment includes the Company's operations in Europe and sells products in all of the Company's categories.
- ***Asia/Pacific*—**This segment includes the Company's operations in New Zealand, Australia, Japan, China, South Korea, Indonesia, Singapore and Thailand. This segment's operations include products in all of the Company's categories.
- ***Other Operating Entities*—**This segment includes the Company's operations in Africa, India, Latin America, the Middle East and other areas that sell products in all of the Company's categories. During Fiscal 2003, the Company deconsolidated its Zimbabwe operations that have historically been reported in this segment.

The Company's management evaluates performance based on several factors including net sales, operating income excluding special items, and the use of capital resources. Intersegment revenues are accounted for at current market values. Items below the operating income line of the consolidated statements of income are not presented by segment, since they are excluded from the measure of segment profitability reviewed by the Company's management.

H. J. Heinz Company and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The following table presents information about the Company's reportable segments:

	Fiscal Year Ended					
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*	*April 27, 2005 (52 Weeks)*	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*
	(Dollars in thousands)					
	Net External Sales			*Intersegment Sales*		
North American Consumer Products	$ 2,256,862	$2,064,937	$2,114,020	$ 51,742	$ 55,379	$ 55,763
U.S. Foodservice	1,503,818	1,428,641	1,315,465	22,550	15,310	16,124
Europe	3,447,299	3,287,737	3,036,581	17,328	13,644	17,018
Asia/Pacific	1,307,675	1,258,556	1,078,849	3,420	2,911	3,281
Other Operating Entities	396,643	374,667	691,921	1,571	2,188	2,174
Non-Operating (a)	—	—	—	(96,611)	(89,432)	(94,360)
Consolidated Totals	$ 8,912,297	$8,414,538	$8,236,836	$ —	$ —	$ —
	Operating Income (Loss)			*Operating Income (Loss) Excluding (b) Special Items*		
North American Consumer Products	$ 530,444	$ 474,129	$ 391,656	$ 530,444	$ 479,453	$ 452,543
U.S. Foodservice	224,784	211,129	191,681	224,784	215,029	197,584
Europe	550,585	639,157	541,724	577,561	615,403	600,659
Asia/Pacific	135,588	146,190	100,460	135,588	146,190	107,109
Other Operating Entities	34,739	29,934	111,190	34,739	30,934	111,190
Non-Operating (a)	(121,298)	(121,282)	(162,895)	(121,298)	(115,424)	(107,878)
Consolidated Totals	$ 1,354,842	$1,379,257	$1,173,816	$1,381,818	$1,371,585	$1,361,207
	Depreciation and Amortization Expenses			*Capital Expenditures (c)*		
Total North America	$ 96,649	$ 88,110	$ 81,702	$ 95,194	$ 110,946	$ 60,289
Europe	105,978	97,924	93,988	98,729	73,212	59,010
Asia/Pacific	33,059	32,522	22,167	28,961	36,870	24,688
Other Operating Entities	7,664	7,403	8,035	8,997	9,202	5,635
Non-Operating (a)	9,102	7,984	8,870	8,790	1,731	4,347
Consolidated Totals	$ 252,452	$ 233,943	$ 214,762	$ 240,671	$ 231,961	$ 153,969
	Identifiable Assets					
Total North America	$ 3,606,034	$3,356,878	$3,468,639			
Europe	4,437,891	3,788,378	3,331,420			
Asia/Pacific	1,364,882	1,242,953	1,088,462			
Other Operating Entities	280,952	276,130	255,991			
Non-Operating (d)	887,959	1,212,850	1,080,239			
Consolidated Totals	$10,577,718	$9,877,189	$9,224,751			

(a) Includes corporate overhead, intercompany eliminations and charges not directly attributable to operating segments.

(b) ***Fiscal year ended April 27, 2005:*** Excludes the $27.0 million non-cash asset impairment charge on the HAK vegetable product line in Northern Europe.

Fiscal year ended April 28, 2004: Excludes the gain on disposal of the bakery business in Northern Europe, reorganization costs and the write down of pizza crust assets in the United Kingdom as follows: North American Consumer Products $5.3 million, U.S. Foodservice $3.9 million, Europe $(23.8) million, Other Operating Entities $1.0 million, and Non-Operating $5.9 million.

Fiscal year ended April 30, 2003: Excludes Del Monte transaction related costs, costs to reduce overhead of the remaining businesses and losses on the exit of non-strategic businesses as follows: North American Consumer Products $60.9 million, U.S. Foodservice $5.9 million, Europe $58.9 million, Asia/Pacific $6.6 million and Non-Operating $55.0 million.

(c) Excludes property, plant and equipment obtained through acquisitions.

(d) Includes identifiable assets not directly attributable to operating segments.

The results for the year ended April 27, 2005 were impacted by a $34.1 million charge for trade promotion spending for the Italian infant nutrition business of which $21.1 million was recorded in the second quarter and $13.0 million in the fourth quarter. The charge relates to an under-accrual in fiscal years 2001, 2002 and 2003. The amount of the charge that corresponds to each of the fiscal years 2001, 2002 and 2003 is less than 2% of net income for each of those years.

The Company's revenues are generated via the sale of products in the following categories:

	Fiscal Year Ended		
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*
		(Unaudited) (Dollars in thousands)	
Ketchup, condiments and sauces	$3,234,229	$3,047,662	$2,766,134
Frozen foods	2,209,586	1,947,777	1,972,200
Convenience meals	2,005,468	1,874,272	1,696,977
Infant foods	855,558	908,469	871,801
Other	607,456	636,358	929,724
Total	$8,912,297	$8,414,538	$8,236,836

The Company has significant sales and long-lived assets in the following geographic areas. Sales are based on the location in which the sale originated. Long-lived assets include property, plant and equipment, goodwill, trademarks and other intangibles, net of related depreciation and amortization.

	Fiscal Year Ended					
	Net External Sales			*Long-Lived Assets*		
	April 27, 2005 (52 Weeks)	*April 28, 2004 (52 Weeks)*	*April 30, 2003 (52 Weeks)*	*April 27, 2005*	*April 28, 2004*	*April 30, 2003*
			(Dollars in thousands)			
United States	$3,379,961	$3,167,424	$3,114,105	$1,894,964	$1,857,041	$1,830,059
United Kingdom	1,874,424	1,703,748	1,574,258	751,496	707,763	660,752
Other	3,657,912	3,543,366	3,548,473	2,479,204	2,246,217	2,061,404
Total	$8,912,297	$8,414,538	$8,236,836	$5,125,664	$4,811,021	$4,552,215

16. Quarterly Results

	2005				
	First (13 Weeks)	Second (13 Weeks)	Third (13 Weeks)	Fourth (13 Weeks)	Total (52 Weeks)
	(Unaudited) (Dollars in thousands, except per share amounts)				
Sales	$2,003,026	$2,199,560	$2,261,219	$2,448,492	$8,912,297
Gross profit	738,753	800,014	819,913	847,691	3,206,371
Income from continuing operations	194,836	197,279	138,520	205,187	735,822
Net income	194,836	198,965	152,411	206,487	752,699
Per Share Amounts:					
Income from continuing operations—diluted	$ 0.55	$ 0.56	$ 0.39	$ 0.58	$ 2.08
Income from continuing operations—basic	0.56	0.56	0.40	0.59	2.10
Cash dividends	0.285	0.285	0.285	0.285	1.14

	2004				
	First (13 Weeks)	Second (13 Weeks)	Third (13 Weeks)	Fourth (13 Weeks)	Total (52 Weeks)
	(Unaudited) (Dollars in thousands, except per share amounts)				
Sales	$1,895,524	$2,090,461	$2,097,181	$2,331,372	$8,414,538
Gross profit	707,076	781,218	779,247	820,716	3,088,257
Income from continuing operations	186,825	191,487	202,237	198,384	778,933
Net income	214,025	191,487	202,237	196,524	804,273
Per Share Amounts:					
Income from continuing operations—diluted	$ 0.53	$ 0.54	$ 0.57	$ 0.56	$ 2.20
Income from continuing operations—basic	0.53	0.54	0.58	0.56	2.21
Cash dividends	0.27	0.27	0.27	0.27	1.08

The third quarter of Fiscal 2005 includes a $64.5 million non-cash impairment charge for the Company's equity investment in The Hain Celestial Group, Inc. ("Hain") and a $9.3 million non-cash charge to recognize the impairment of a cost-basis investment in a grocery industry sponsored e-commerce business venture. There was no tax benefit associated with these impairment charges. The fourth quarter of Fiscal 2005 includes a $27.0 million pre-tax ($18.0 million after-tax) non-cash asset impairment charge related to the anticipated sale of the HAK vegetable product line in Northern Europe in early Fiscal 2006.

The first quarter of Fiscal 2004 includes the gain on sale of the bakery business in Northern Europe of $13.3 million after-tax, reorganization costs of $3.4 million after-tax and the write down of pizza crust assets in the United Kingdom of $2.8 million after-tax. The fourth quarter of Fiscal 2004 includes reorganization costs of $7.6 million after-tax.

17. Commitments and Contingencies

Legal Matters:

Certain suits and claims have been filed against the Company and have not been finally adjudicated. These suits and claims when finally concluded and determined, in the opinion of management, based upon the information that it presently possesses, will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Lease Commitments:

Operating lease rentals for warehouse, production and office facilities and equipment amounted to approximately $111.3 million in 2005, $113.0 million in 2004 and $95.2 million in 2003. Future lease payments for non-cancelable operating leases as of April 27, 2005 totaled $581.1 million (2006-$79.8 million, 2007-$206.3 million, 2008-$43.1 million, 2009-$34.4 million, 2010-$28.4 million and thereafter-$189.1 million).

No significant credit guarantees existed between the Company and third parties as of April 27, 2005.

18. Advertising Costs

Advertising expenses (including production and communication costs) for fiscal 2005, 2004 and 2003 were $289.4 million, $307.9 million and $328.8 million, respectively. For fiscal years 2005, 2004 and 2003, $144.8 million, $147.0 million and $143.5 million, respectively, were recorded as a reduction of revenue and $144.6 million, $160.9 million and $185.3 million, respectively, were recorded as a component of SG&A.

19. Subsequent Event

On April 28, 2005, the Company completed the formation of a joint venture that resulted in Heinz becoming the majority owner of Petrosoyuz, a leading Russian maker of ketchup, condiments and sauces. Petrosoyuz's business includes brands such as *Picador, Derevenskoe, Mechta Hoziayki* and *Moya Semya*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There is nothing to be reported under this item.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this report, were designed and are functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. See also "Report of Management on Internal Control over Financial Reporting".

(b) Management's Report on Internal Control Over Financial Reporting

Our management's report on Internal Control Over Financial Reporting is set forth in Item 8 and incorporated herein by reference.

Our management's assessment of the effectiveness of our internal control over financial reporting as of April 27, 2005 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(c) Changes in Internal Controls over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B. Other Information.

There is nothing to be reported under this item.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Information relating to the Directors of the Company is set forth under the captions "Election of Directors" and "Additional Information—Section 16 Beneficial Ownership Reporting Compliance" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held August 23, 2005. The information regarding the audit committee financial expert is set forth under the captions "Report of the Audit Committee" and "Relationship with Registered Public Accounting Firm" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held on August 23, 2005. The Company's Code of Conduct which is applicable to all employees, including the principal executive officer, the principal financial officer, and the principal accounting officer, as well as the charters for the Company's Audit, Management Development & Compensation, Corporate Governance, and Public Issues Committees, as well as periodic and current reports filed with the SEC are available on the Company's website, www.heinz.com, and are available in print to any shareholder upon request. Such information is incorporated herein by reference. Information relating to the executive officers of the Company is set forth under the caption "Executive Officers of the Registrant" in Part I above.

Item 11. Executive Compensation.

Information relating to executive compensation is set forth under the caption "Executive Compensation" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held on August 23, 2005. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Information relating to the ownership of equity securities of the Company by certain beneficial owners and management is set forth under the caption "Security Ownership of Management" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held August 23, 2005. Such information is incorporated herein by reference.

The number of shares to be issued upon exercise and the number of shares remaining available for future issuance under the Company's equity compensation plans at April 27, 2005 were as follows:

Equity Compensation Plan Information

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	*(b)* Weighted-average exercise price of outstanding options, warrants and rights	*(c)* Number of securities remaining available for future issuance under equity compensation Plans (excluding securities reflected in column (a))
Equity Compensation plans approved by stockholders	36,951,701	$37.86	16,526,868
Equity Compensation plans not approved by stockholders(1)(2)	174,222	N/A(3)	N/A(1)(4)
Total	37,125,923	$37.86	16,526,868

(1) The H. J. Heinz Company Restricted Stock Recognition Plan for Salaried Employees (the "Restricted Stock Plan") is designed to provide recognition and reward in the form of awards of restricted stock to employees who have a history of outstanding accomplishment and who, because of their experience and skills, are expected to continue to contribute significantly to the

success of the Company. Eligible employees are those full-time salaried employees not participating in the shareholder-approved H. J. Heinz Company Incentive Compensation Plan in effect as of May 1, 2002, and who have not been awarded an option to purchase Company Common Stock. The Company has ceased issuing shares from this Restricted Stock Plan, and it is the Company's intention to terminate the Restricted Stock Plan once all restrictions on previously issued shares are lifted. All awards of this type are now made under the Fiscal Year 2003 Stock Incentive Plan.

(2) The Executive Deferred Compensation Plan, as amended and restated on December 27, 2001 and the Deferred Compensation Plan for Non-Employee Directors as amended and restated on January 1, 2004, permit full-time salaried personnel based in the U.S. who have been identified as key employees and non-employee directors, to defer all or part of his or her cash compensation into either a cash account that accrues interest, or into a Heinz stock account. The election to defer is irrevocable. The Management Development & Compensation Committee of the Board of Directors administers the Plan. All amounts are payable at the times and in the amounts elected by the executives at the time of the deferral. The deferral period shall be at least one year and shall be no greater than the date of retirement or other termination, whichever is earlier. Amounts deferred into cash accounts are payable in cash, and all amounts deferred into the Heinz stock account are payable in Heinz Common Stock. Compensation deferred into the Heinz stock account appreciates or depreciates according to the fair market value of Heinz Common Stock.

(3) The grants made under the Restricted Stock Plan, the Executive Deferred Compensation Plan and the Deferred Compensation Plan for Non-Employee Directors are restricted or reserved shares of Common Stock, and therefore there is no exercise price.

(4) The maximum number of shares of Common Stock that the Chief Executive Officer may grant under the Restricted Stock Plan has been established annually by the Executive Committee of the Board of Directors; provided, however, that such number of shares shall not exceed in any plan year 1% of all then outstanding shares of Common Stock.

Item 13. Certain Relationships and Related Transactions.

Information relating to certain relationships with a beneficial shareholder and certain related transactions is set forth under the caption "Security Ownership of Certain Principal Shareholders" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held on August 23, 2005. Such information is incorporated herein by reference.

Item 14. Principal Auditor Fees and Services.

Information relating to the principal auditor's fees and services is set forth under the caption "Relationship With Registered Public Accounting Firm" in the Company's definitive Proxy Statement in connection with its Annual Meeting of Shareholders to be held on August 23, 2005. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a)(1) The following financial statements and reports are filed as part of this report under Item 8—"Financial Statements and Supplementary Data":

Consolidated Balance Sheets as of April 27, 2005 and April 28, 2004

Consolidated Statements of Income for the fiscal years ended April 27, 2005, April 28, 2004 and April 30, 2003

Consolidated Statements of Shareholders' Equity for the fiscal years ended April 27, 2005, April 28, 2004 and April 30, 2003

Consolidated Statements of Cash Flows for the fiscal years ended April 27, 2005, April 28, 2004 and April 30, 2003

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm of PricewaterhouseCoopers LLP dated June 16, 2005, on the Company's consolidated financial statements and financial statement schedule filed as a part hereof for the fiscal years ended April 27, 2005, April 28, 2004 and April 30, 2003

(2) The following report and schedule is filed herewith as a part hereof:

Consent of Independent Registered Public Accounting Firm of PricewaterhouseCoopers LLP dated June 16, 2005 filed as a part hereof
Schedule II (Valuation and Qualifying Accounts and Reserves) for the three fiscal years ended April 27, 2005, April 28, 2004 and April 30, 2003

All other schedules are omitted because they are not applicable or the required information is included herein or is shown in the consolidated financial statements or notes thereto filed as part of this report incorporated herein by reference.

(3) Exhibits required to be filed by Item 601 of Regulation S-K are listed below. Documents not designated as being incorporated herein by reference are filed herewith. The paragraph numbers correspond to the exhibit numbers designated in Item 601 of Regulation S-K.

3(i) The Company's Articles of Amendment dated July 13, 1994, amending and restating the Company's amended and restated Articles of Incorporation in their entirety, are incorporated herein by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K for the fiscal year ended April 27, 1994.

3(ii) The Company's By-Laws, as amended effective June 12, 2002 are incorporated herein by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the three months ended July 31, 2002.

4. Except as set forth below, there are no instruments with respect to long-term debt of the Company that involve indebtedness or securities authorized thereunder exceeding 10 percent of the total assets of the Company on a consolidated basis. The Company agrees to file a copy of any instrument or agreement defining the rights of holders of long-term debt of the Company upon request of the Securities and Exchange Commission.

(a) The Indenture among the Company, H. J. Heinz Finance Company, and Bank One, National Association dated as of July 6, 2001 relating to the H. J. Heinz Finance Company's $750,000,000 6.625% Guaranteed Notes due 2011, $700,000,000 6.00% Guaranteed Notes due 2012 and $550,000,000 6.75% Guaranteed Notes due 2032 is incorporated herein by reference to Exhibit 4 of the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 2002.

(b) The Certificate of Designations, Preferences and Rights of Voting Cumulative Preferred Stock, Series A of H. J. Heinz Finance Company is incorporated herein by reference to Exhibit 4 of the Company's Quarterly Report on Form 10-Q for the three months ended August 1, 2001.

10(a) Management contracts and compensatory plans:

- (i) 1986 Deferred Compensation Program for H. J. Heinz Company and affiliated companies, as amended and restated in its entirety effective December 6, 1995, is incorporated herein by reference to Exhibit 10(c)(i) to the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 1995.
- (ii) H. J. Heinz Company 1990 Stock Option Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 3, 1990.
- (iii) H. J. Heinz Company 1994 Stock Option Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 5, 1994.
- (iv) H. J. Heinz Company Supplemental Executive Retirement Plan, as amended, is incorporated herein by reference to Exhibit 10(c)(ix) to the Company's Annual Report on Form 10-K for the fiscal year ended April 28, 1993.
- (v) H. J. Heinz Company Executive Deferred Compensation Plan (as amended and restated on December 27, 2001) is incorporated by reference to Exhibit 10(a)(vii) of the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 2002.
- (vi) H. J. Heinz Company Incentive Compensation Plan is incorporated herein by reference to Appendix B to the Company's Proxy Statement dated August 5, 1994.
- (vii) H. J. Heinz Company Stock Compensation Plan for Non-Employee Directors is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 3, 1995.
- (viii) H. J. Heinz Company 1996 Stock Option Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 2, 1996.
- (ix) H. J. Heinz Company Deferred Compensation Plan for Directors is incorporated herein by reference to Exhibit 10(a)(xiii) to the Company's Annual Report on Form 10-K for the fiscal year ended April 29, 1998.
- (x) H. J. Heinz Company Global Stock Purchase Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 3, 1999.
- (xi) Form of Severance Protection Agreement is incorporated herein by reference to Exhibit 10(a)(xiv) to the Company's Annual Report on Form 10-K for the fiscal year ended May 3, 2000.
- (xii) H. J. Heinz Company 2000 Stock Option Plan is incorporated herein by reference to Appendix A to the Company's Proxy Statement dated August 4, 2000.
- (xiii) H. J. Heinz Company Executive Estate Life Insurance Program is incorporated herein by reference to Exhibit 10(a)(xv) to the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 2002.
- (xiv) H. J. Heinz Company Restricted Stock Recognition Plan for Salaried Employees is incorporated herein by reference to Exhibit 10(a)(xvi) to the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 2002.
- (xv) H. J. Heinz Company Fiscal Year 2003 Stock Incentive Plan is incorporated by reference to the Company's Proxy Statement dated August 2, 2002.

(xvi) H. J. Heinz Company Senior Executive Incentive Compensation Plan is incorporated by reference to the Company's Proxy Statement dated August 2, 2002.

(xvii) Form of First Amendment to Severance Protection Agreement incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2003.

(xviii) Deferred Compensation Plan for Non-Employee Directors of H. J. Heinz Company (as amended and restated effective January 1, 2004), is incorporated herein by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 28, 2004.

(xix) Form of Stock Option Award and Agreement for U.S. Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xx) Form of Stock Option Award and Agreement for U.S. Employees Based in the U.K. on International Assignment is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxi) Form of Restricted Stock Unit Award and Agreement for U.S. Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxii) Form of Restricted Stock Unit Award and Agreement for Non-U.S. Based Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxiii) Form of Five-Year Restricted Stock Unit Retention Award and Agreement for U.S. Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxiv) Form of Five-Year Restricted Stock Unit Retention Award and Agreement for Non-U.S. Based Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxv) Form of Three-Year Restricted Stock Unit Retention Award and Agreement for U.S. Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxvi) Form of Three-Year Restricted Stock Unit Retention Award and Agreement for Non-U.S. Based Employees is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxvii) Form of Performance Unit Award Agreement is incorporated herein by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended January 26, 2005.

(xxviii) Director and Named Executive Officer Compensation

(xxix) Jeffrey P. Berger Restricted Stock Unit Award and Agreement dated November 9, 2004.

(xxx) Form of Fiscal Year 2006 Restricted Stock Unit Award and Agreement for U.S. Employees.

(xxxi) Form of Fiscal Year 2006 Restricted Stock Unit Award and Agreement for non-U.S. Based Employees.

(xxxii) Amendment Number One to the H.J. Heinz Company Fiscal Year 2003 Incentive Plan.

(xxxiii) Amendment Number One to the H.J. Heinz Company 2000 Stock Option Plan.

(xxxiv) Amendment Number One to the H.J. Heinz Company 1996 Stock Option Plan.

(xxxv) Form of Fiscal Year 2006 Severance Protection Agreement.

12. Computation of Ratios of Earnings to Fixed Charges.

21. Subsidiaries of the Registrant.

23. The following Exhibit is filed by incorporation by reference to Item 15(a)(2) of this Report:

    (a) Consent of PricewaterhouseCoopers LLP.

24. Powers-of-attorney of the Company's directors.

31(a) Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer.

31(b) Rule 13a-14(a)/15d-14(a) Certification by the Chief Financial Officer.

32(a) Certification by the Chief Executive Officer Relating to the Annual Report Containing Financial Statements.

32(b) Certification by the Chief Financial Officer Relating to the Annual Report Containing Financial Statements.

Copies of the exhibits listed above will be furnished upon request to holders or beneficial holders of any class of the Company's stock, subject to payment in advance of the cost of reproducing the exhibits requested.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on June 16, 2005.

H. J. HEINZ COMPANY
(Registrant)

By: /s/ ARTHUR B. WINKLEBLACK
Arthur B. Winkleblack
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, on June 16, 2005.

Signature	*Capacity*
/s/ WILLIAM R. JOHNSON **William R. Johnson**	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ ARTHUR B. WINKLEBLACK **Arthur B. Winkleblack**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ EDWARD J. MCMENAMIN **Edward J. McMenamin**	Senior Vice President-Finance and Corporate Controller (Principal Accounting Officer)

William R. Johnson	Director	
Charles E. Bunch	Director	
Mary C. Choksi	Director	
Leonard S. Coleman, Jr.	Director	
Peter H. Coors	Director	By /s/ ARTHUR B. WINKLEBLACK **Arthur B. Winkleblack** Attorney-in-Fact
Edith E. Holiday	Director	
Candace Kendle	Director	
Dean R. O'Hare	Director	
Lynn C. Swann	Director	
Thomas J. Usher	Director	

[This Page Intentionally Left Blank]

Exhibit 31(a)

I, William R. Johnson, Chairman, President and Chief Executive Officer of H. J. Heinz Company certify that:

1. I have reviewed this annual report on Form 10-K of H. J. Heinz Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons fulfilling the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 16, 2005

By: /s/ WILLIAM R. JOHNSON

Name: William R. Johnson
Title: Chairman, President and
Chief Executive Officer

Exhibit 31(b)

I, Arthur B. Winkleblack, Executive Vice President and Chief Financial Officer of H. J. Heinz Company certify that:

1. I have reviewed this annual report on Form 10-K of H. J. Heinz Company;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of such internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons fulfilling the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 16, 2005

By: /s/ ARTHUR B. WINKLEBLACK

Name: Arthur B. Winkleblack
Title: Executive Vice President and
Chief Financial Officer

Exhibit 32(a)

Certification by the Chief Executive Officer Relating to the Annual Report Containing Financial Statements

I, William R. Johnson, Chairman, President and Chief Executive Officer, of H. J. Heinz Company, a Pennsylvania corporation (the "Company"), hereby certify that, to my knowledge:

1. The Company's annual report on Form 10-K for the fiscal year ended April 27, 2005 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 16, 2005

By: /s/ WILLIAM R. JOHNSON

Name: William R. Johnson
Title: Chairman, President and
Chief Executive Officer

Exhibit 32(b)

Certification by the Chief Financial Officer Relating to the Annual Report Containing Financial Statements

I, Arthur B. Winkleblack, Executive Vice President and Chief Financial Officer of H. J. Heinz Company, a Pennsylvania corporation (the "Company"), hereby certify that, to my knowledge:

1. The Company's annual report on Form 10-K for the fiscal year ended April 27, 2005 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 16, 2005

By: /s/ ARTHUR B. WINKLEBLACK
Name: Arthur B. Winkleblack
Title: Executive Vice President and
Chief Financial Officer

DIRECTORS AND OFFICERS*

H. J. Heinz Company

Directors

William R. Johnson
Chairman, President and
Chief Executive Officer
Director since 1993. (1)

Charles E. Bunch
President and
Chief Executive Officer,
PPG Industries,
Pittsburgh, Pennsylvania.
Director since 2003. (2,4)

Mary C. Choksi
Managing Director, Strategic Investment Partners, Inc. and Emerging Markets Investors Corporation, Arlington, Virginia.
Director since 1998. (1,4,5)

Leonard S. Coleman, Jr.
Senior Advisor — Major League Baseball, New York, New York.
Director since 1998. (3,4,5)

Peter H. Coors
Chairman, Coors Brewing Company and Chairman, Adolph Coors Company, Golden, Colorado.
Director since 2001. (2,5)

Edith E. Holiday
Attorney and Director,
Various Corporations.
Director since 1994. (1,3,4,5)

Candace Kendle
Chairman and Chief Executive Officer,
Kendle International Inc., Cincinnati, Ohio.
Director since 1998. (2,3)

Dean R. O'Hare
Retired Chairman,
The Chubb Corporation,
Warren, New Jersey.
Director since 2000. (2,4,5)

Lynn C. Swann
President, Swann, Inc. and Chairman, President's Council on Physical Fitness and Sports.
Pittsburgh, Pennsylvania.
Director since 2003. (3,5)

Thomas J. Usher
Chairman, Board of Directors
United States Steel Corporation,
Pittsburgh, Pennsylvania.
Director since 2000. (1,2,3,5)

Committees of the Board

(1) Executive Committee
(2) Management Development and Compensation Committee
(3) Corporate Governance Committee
(4) Audit Committee
(5) Public Issues Committee

Officers

William R. Johnson
Chairman, President and
Chief Executive Officer

Jeffrey P. Berger
Executive Vice President —
Global Foodservice

David C. Moran
Senior Vice President and President — Heinz Consumer Products

Joseph Jimenez
Executive Vice President; President and Chief Executive Officer — Heinz Europe

Arthur B. Winkleblack
Executive Vice President and
Chief Financial Officer

Theodore N. Bobby
Senior Vice President and
General Counsel

Edward J. McMenamin
Senior Vice President —
Finance and Corporate Controller

Michael D. Milone
Senior Vice President and President Rest of World and Asia

D. Edward I. Smyth
Senior Vice President —
Corporate and Government Affairs and Chief Administrative Officer

Mitchell A. Ring
Senior Vice President —
Business Development

Edward A. Aiello
Vice President —
Global Insurance

Rene D. Biedzinski
Corporate Secretary

David A. Ciesinski
Vice President — Strategic Planning

John C. Crowe
Vice President — Taxes

Leonard A. Cullo
Vice President — Treasurer

Thomas A. DiDonato
Chief People Officer

F. Kerr Dow
Vice President — Global Innovation & Quality and Chief Technical Officer

Debora S. Foster
Vice President —
Corporate Communications

David J. Gaertner
Vice President —
North American Business Development & Corporate Real Estate

Lowell Gruman
Vice President —
Asia/Pacific Business Development

Randolph W. Keuch
Vice President — Total Rewards

Daniel G. Milich
Vice President —
European Business Development

Diane B. Owen
Vice President — Corporate Audit

John Runkel
Vice President — Investor Relations

Michael B. Sealy
Vice President — Chief Risk Officer

Gregory R. Surabian
Vice President — North American Business Development

Andrew C. Towle
Vice President — Strategic Planning

* As of June 2005

ELEVEN-YEAR SUMMARY OF OPERATIONS AND OTHER RELATED DATA

H. J. Heinz Company and Subsidiaries

(Dollars in thousands, except per share amounts)	*2005*	*2004*	*2003*	*2002*
SUMMARY OF OPERATIONS:				
Sales(a)	8,912,297	8,414,538	8,236,836	7,614,036
Cost of products sold(a)	5,705,926	5,326,281	5,304,362	4,858,087
Interest expense(a)	232,431	211,826	223,532	230,611
Provision for income taxes(a)	322,792	389,618	313,372	375,339
Income before cumulative effect of accounting change(a)	735,822	778,933	555,359	675,181
Cumulative effect of SFAS No. 142 adoption	—	—	(77,812)	—
Cumulative effect of SAB No. 101 and FAS No. 133 adoptions(a)	—	—	—	—
Net income(a)	735,822	778,933	477,547	675,181
Income per share before cumulative effect of accounting change—diluted(a)	2.08	2.20	1.57	1.91
Cumulative effect of SFAS No. 142 adoption	—	—	(0.22)	—
Cumulative effect of SAB No. 101 and FAS No. 133 adoptions(a)	—	—	—	—
Net income per share—diluted(a)	2.08	2.20	1.35	1.91
Net income per share—basic(a)	2.10	2.21	1.36	1.93
OTHER RELATED DATA:				
Dividends paid:				
Common	398,854	379,910	521,592	562,547
per share	1.14	1.08	1.485	1.6075
Preferred	15	16	19	20
Average common shares outstanding—diluted	353,450,066	354,371,667	354,144,291	352,871,918
Average common shares outstanding—basic	350,041,842	351,809,512	351,249,704	349,920,983
Number of employees	41,000	37,500	38,900	46,500
Capital expenditures(a)	240,671	231,961	153,969	193,854
Depreciation and amortization(a)	252,452	233,943	214,762	242,848
Total assets	10,577,718	9,877,189	9,224,751	10,278,354
Total debt	4,695,253	4,974,430	4,930,929	5,345,613
Shareholders' equity	2,602,573	1,894,189	1,199,157	1,718,616
Pretax return on average invested capital	21.7%	24.5%	19.0%	22.7%
Return on average shareholders' equity before cumulative effect of accounting change	34.4%	51.6%	39.4%	54.8%
Book value per common share	7.48	5.38	3.41	4.90
Price range of common stock:				
High	40.61	38.95	43.19	46.96
Low	34.53	29.71	29.05	38.12

(a) Amounts represent continuing operations only, with the exception of fiscal years 1999 and earlier, which have not been adjusted to reflect discontinued operations or the EITF reclassifications as it is impracticable to do so.

(b) Fiscal year consisted of 53 weeks.

The 2005 results include, a $64.5 million non-cash impairment charge for the Company's equity investment in The Hain Celestial Group, Inc. ("Hain") and a $9.3 million non-cash charge to recognize the impairment of a cost-basis investment in a grocery industry sponsored e-commerce business venture. There was no tax benefit associated with these impairment charges. Fiscal 2005 also includes a $27.0 million pre-tax ($18.0 million after-tax) non-cash asset impairment charge related to the anticipated sale of the HAK vegetable product line in Northern Europe in early Fiscal 2006.

The 2004 results include, on a pretax basis, the gain on sale of the bakery business in Northern Europe of $26.3 million, reorganization costs of $17.1 million and the write down of pizza crust assets in the United Kingdom of $4.0 million.

The 2003 results include, on a pretax basis, charges of $227.0 million for Del Monte transaction costs, overhead reduction costs and losses on exiting non-strategic businesses.

The 2002 results include, on a pretax basis, net restructuring and implementation costs of $12.4 million for the Streamline initiative.

2001	*2000(b)*	*1999*	*1998*	*1997*	*1996*	*1995(b)*
6,987,698	6,892,807	9,299,610	9,209,284	9,357,007	9,112,265	8,086,794
4,407,267	4,356,965	5,944,867	5,711,213	6,385,091	5,775,357	5,119,597
262,488	206,996	258,813	258,616	274,746	277,411	210,585
190,495	508,546	360,790	453,415	177,193	364,342	346,982
563,931	780,145	474,341	801,566	301,871	659,319	591,025
—	—	—	—	—	—	—
(15,281)	—	—	—	—	—	—
548,650	780,145	474,341	801,566	301,871	659,319	591,025
1.61	2.17	1.29	2.15	0.81	1.75	1.58
—	—	—	—	—	—	—
(0.05)	—	—	—	—	—	—
1.56	2.17	1.29	2.15	0.81	1.75	1.58
1.58	2.20	1.31	2.19	0.82	1.79	1.61
537,290	513,756	484,817	452,566	416,923	381,871	345,358
1.545	1.445	1.3425	1.235	1.135	1.035	0.94
22	26	30	37	43	56	64
351,041,321	360,095,455	367,830,419	372,952,851	374,043,705	377,606,606	373,317,480
347,758,281	355,272,696	361,203,539	365,982,290	367,470,850	368,799,645	367,685,810
45,800	46,900	38,600	40,500	44,700	43,300	42,200
358,930	394,919	316,723	373,754	377,457	334,787	341,788
219,577	214,766	302,212	313,622	340,490	343,809	315,267
9,035,150	8,850,657	8,053,634	8,023,421	8,437,787	8,623,691	8,247,188
4,885,687	4,112,401	3,376,413	3,107,903	3,447,435	3,363,828	3,401,076
1,373,727	1,595,856	1,803,004	2,216,516	2,440,421	2,706,757	2,472,869
16.4%	31.4%	20.4%	26.4%	11.9%	21.0%	21.4%
32.2%	52.4%	23.6%	34.4%	11.7%	25.5%	24.6%
3.94	4.59	5.02	6.10	6.64	7.34	6.76
47.63	54.00	61.75	59.94	44.88	36.63	28.63
35.44	30.81	44.56	41.13	29.75	27.63	21.13

The 2001 results include, on a pretax basis, restructuring and implementation costs of $101.4 million for the Streamline initiative, net restructuring and implementation costs of $146.5 million for Operation Excel, a benefit of $93.2 million from tax planning and new tax legislation in Italy, a loss of $94.6 million on the sale of The All American Gourmet business, company acquisition costs of $18.5 million, a loss of $5.6 million which represents the Company's equity loss associated with The Hain Celestial Group's fourth quarter results which included charges for its merger with Celestial Seasonings and the after-tax impact of adopting SAB No. 101 and SFAS No. 133 of $15.3 million.

The 2000 results include, on a pretax basis, net restructuring and implementation costs of $284.0 million for Operation Excel, a contribution of $30.0 million to the H. J. Heinz Company Foundation, a gain of $464.6 million on the sale of the *Weight Watchers* classroom business and a gain of $18.2 million on the sale of an office building in the U.K.

The 1999 results include, on a pretax basis, restructuring and implementation costs of $552.8 million for Operation Excel and costs of $22.3 million related to the implementation of Project Millennia, offset by the reversal of unutilized Project Millennia accruals for severance and exit costs of $25.7 million and a gain of $5.7 million on the sale of the bakery products unit.

The 1998 results include costs of $84.1 million pretax related to the implementation of Project Millennia, offset by the gain on the sale of the Ore-Ida frozen foodservice business of $96.6 million pretax.

The 1997 results include a pretax charge for Project Millennia restructuring and implementation costs of $647.2 million, offset by capital gains of $85.3 million from the sale of non-strategic assets in New Zealand and the U.K.

WORLD LOCATIONS*

H. J. Heinz Company and Subsidiaries

World Headquarters

600 Grant Street, Pittsburgh, Pennsylvania.

The Americas

- ☐ **H. J. Heinz Company, L.P.** Established 2000. Pittsburgh, Pennsylvania.
  Divisions:
  Heinz Consumer Products
  Heinz Foodservice
  Alden Merrell Fine Desserts
  Chef Francisco
  Delimex
  Dianne's Gourmet Desserts
  Escalon Premier Brands
  Heinz North America
  Portion Pac
  Quality Chef Foods
  Todds
  Truesoups
- ☐ **Appetizers And, Inc.** Acquired 2005. Chicago, Illinois.
- ☐ **H. J. Heinz Finance Company.** Established 1983. Pittsburgh, Pennsylvania.
- ☐ **H. J. Heinz Company of Canada Ltd.** Established 1909. North York, Ontario, Canada.
  Division:
  Richardson Foods. Acquired 2004.
- ☐ **Alimentos Heinz C.A.** Established 1959. Caracas, Venezuela.
- ☐ **Heinz Mexico, S.A. de C.V. Inc.** Established 1999. Mexico City, Mexico.
- ☐ **Delimex De Mexico, S.A. de C.V.** Acquired 2001. Monterrey, Mexico.
- ☐ **Alimentos Pilar S.A.** Established 1996. Buenos Aires, Argentina.
- ☐ **Alimentos Heinz de Costa Rica.** Established 2001. San José, Costa Rica.
- ☐ **Comercializadora Heinz Panama, CV.** Established 2003. Panama City, Panama.

Europe, U.K. and Ireland

- ☐ **H. J. Heinz Company Limited.** Established 1917. Hayes Park, Middlesex, England.
- ☐ **John West Foods Limited.** Acquired 1997. Liverpool, England.
- ☐ **H. J. Heinz Frozen & Chilled Foods Limited.** Acquired 1999. Hayes Park, Middlesex, England.
- ☐ **H. J. Heinz Company (Ireland) Limited.** Established 1996. Dublin, Ireland.
- ☐ **H. J. Heinz Frozen & Chilled Foods Limited.** Established 1993. Dublin, Ireland.
- ☐ **Heinz Single Service Limited.** Acquired 1995. Hayes Park, Middlesex, England.

Western Europe

- ☐ **Ets. Paul Paulet S.A.** Acquired 1981. Douarnenez, France.
- ☐ **H. J. Heinz S.A.R.L.** Established 1979. Paris, France.
- ☐ **Heinz Africa Trading Company.** Established 2001. Benavente Codex, Portugal.
- ☐ **Heinz Iberica S.A.** Established 1987. Madrid, Spain.
- ☐ **IDAL (Industrias de Alimentação, Lda).** Acquired 1965. Lisbon, Portugal.

Southern and Eastern Europe

- ☐ **Heinz Italia S.r.l.** Acquired 1963. Milan, Italy.
- ☐ **COPAIS Food and Beverage Company, S.A.** Acquired 1990. Athens, Greece.
- ☐ **Pudliszki, S.A.** Acquired 1997. Pudliszki, Poland.
- ☐ **Heinz Georgievsk.** Established 1994. Georgievsk, Russia.
- ☐ **Heinz Investments (Cyprus) Ltd.** Established 2005. Cyprus.
- ☐ **Heinz LLC.** Established 2002. Moscow, Russia.
- ☐ **IMZ.** Established 2005. Ivanovo, Russia.
- ☐ **Petroproduct Otradnoye.** Established 2005. Otradnoye, Russia.
- ☐ **PPK.** Established 2005. St. Petersburg, Russia.

Northern Europe

- ☐ **H. J. Heinz Holding B.V.** Acquired 1958. Elst, Gelderland, The Netherlands.
- ☐ **H. J. Heinz Belgium S.A.** Established 1984. Brussels, Belgium.
- ☐ **H. J. Heinz GmbH.** Established 1970. Düsseldorf, Germany.
- ☐ **HAK BV.** Acquired 2001. Giessen, The Netherlands.

North and Central Africa

- ☐ **Indian Ocean Tuna Limited.** Acquired 1995. Victoria, Seychelles.
- ☐ **Pioneer Food Cannery Limited.** Acquired 1995. Tema, Ghana.

Southern Africa

- ☐ **H. J. Heinz (Botswana) (Pty) Ltd.** Formed 1988. Gaborone, Botswana.
- ☐ **Kgalagadi Soap Industries (Pty) Ltd.** Acquired 1988. Gaborone, Botswana.
- ☐ **Olivine Industries (Pvt) Limited.** Acquired 1982. Harare, Zimbabwe.
- ☐ **Heinz South Africa (Pty) Ltd.** Established 1995. Cape Town, South Africa.
- ☐ **Heinz Wellington's (Pty) Ltd.** Acquired 1997. Wellington, South Africa.
- ☐ **Heinz Foods S.A. (Pty) Ltd.** Established 2003. Paarl, South Africa.

* As of June 2005

Middle East

- ☐ **Cairo Food Industries SAE.** Established 1992. Cairo, Egypt.
- ☐ **Heinz Africa and Middle East FZE.** Established 2003. Dubai, United Arab Emirates.
- ☐ **Heinz Israel Limited.** Established 1999. Tel Aviv, Israel.
- ☐ **Star-Kist Food D'Or Limited.** Acquired 2000. Haifa, Israel.

Pacific Rim, Asia and India

- ☐ **H. J. Heinz Company Australia Ltd.** Established 1935. Hawthorn East, Victoria, Australia.
- ☐ **Heinz Wattie's Limited.** Acquired 1992. Auckland, New Zealand.
- ☐ **Tegel Foods Limited.** Acquired 1992. Newmarket, Auckland, New Zealand.
- ☐ **Hugo Canning (Pty) Ltd.** Acquired 1997. Port Moresby, Papua New Guinea.
- ☐ **Heinz Japan Ltd.** Established 1961. Tokyo, Japan.
- ☐ **Heinz-UFE Ltd.** Established 1984. Guangzhou, People's Republic of China.
- ☐ **Heinz-Cosco Tianjin Food Co., Ltd.** Established 1999. Qingdao, People's Republic of China.
- ☐ **Heinz-Meiweiyuan (Guangzhou) Food Co., Ltd.** Established 2002. Guangzhou, People's Republic of China.
- ☐ **Heinz Korea Limited.** Established 1986. Inchon, South Korea.
- ☐ **Heinz Win Chance Ltd.** Established 1987. Bangkok, Thailand.
- ☐ **PT Heinz ABC Indonesia.** Established 1999. Jakarta, Indonesia.
- ☐ **Heinz UFC Philippines Inc.** Established 2000. Manila, The Philippines.
- ☐ **Heinz Hong Kong Limited.** Established 1997. Wanchai, Hong Kong S.A.R., People's Republic of China.
- ☐ **Heinz Singapore Pte, Ltd.** Established 2000. Singapore.
- ☐ **Shanghai LongFong Foods Co., Ltd.** Established 2004. Shanghai, People's Republic of China.
- ☐ **Heinz India (Pvt) Limited.** Acquired 1994. Mumbai, India.

* As of June 2005

CORPORATE DATA

Heinz: A Definition H. J. Heinz Company is one of the world's leading marketers of branded foods to retail and foodservice channels. Heinz has number-one or number-two branded businesses in more than 50 world markets.

Among the Company's famous brands are *Heinz* (a $2.7 billion global brand), *Ore-Ida, Smart Ones, Classico, Wyler's, Delimex, Bagel Bites, Wattie's, Farley's, Plasmon, BioDieterba, John West, Petit Navire, Greenseas, UFC, Orlando, ABC, Honig, HAK, De Ruijter, Olivine and Pudliszki.* Heinz also uses the famous brands *Weight Watchers, Boston Market, T.G.I. Friday's, Jack Daniel's* and *Linda McCartney* under license.

Heinz provides employment for approximately 41,000 people full time, plus thousands of others on a part-time basis and during seasonal peaks.

Annual Meeting The annual meeting of the Company's shareholders will be held at 9:00 a.m. on Tuesday, August 23, 2005, in Pittsburgh at the Westin Convention Center Hotel. The meeting will be Webcast live at www.heinz.com.

Copies of This Publication and Others Mentioned in This Report are available without charge from the Corporate Affairs Department at the Heinz World Headquarters address or by calling (412) 456-6000.

Form 10-K The Company submits an annual report to the Securities and Exchange Commission on Form 10-K. Copies of this Form 10-K are available without charge from the Corporate Affairs Department.

Investor Information Securities analysts and investors seeking additional information about the Company should contact Jack Runkel, Vice President-Investor Relations, at (412) 456-6034.

Equal Employment Opportunity H. J. Heinz Company hires, trains, promotes, compensates and makes all other employment decisions without regard to race, color, sex, age, religion, national origin, disability or other protected conditions or characteristics. It has affirmative action programs in place at all domestic locations to ensure equal opportunity for every employee.

The H. J. Heinz Company Equal Opportunity Review is available from the Corporate Affairs Department.

Environmental Policy H. J. Heinz Company is committed to protecting the environment. Each affiliate has established programs to review its environmental impact, to safeguard the environment and to train employees.

The H. J. Heinz Company Environmental, Health & Safety Report is available from the Corporate Affairs Department and is accessible on www.heinz.com.

Corporate Data Transfer Agent, Registrar and Disbursing Agent (for inquiries and changes in shareholder accounts or to arrange for the direct deposit of dividends): Mellon Investor Services LLC, 85 Challenger Road, Overpeck Centre, Ridgefield Park, New Jersey 07660. (800) 253-3399 (within U.S.A.) or (201) 329-8660 or www.melloninvestor.com.

Auditors: PricewaterhouseCoopers LLP,
600 Grant Street, Pittsburgh, Pennsylvania 15219

Stock Listings:
New York Stock Exchange, Inc.
Ticker Symbols: Common-HNZ; Third Cumulative Preferred-HNZ PR
The Annual Written Affirmation was submitted September 21, 2004.

Pacific Exchange, Inc.
Ticker Symbol: Common-HNZ
The Annual CEO Certification was submitted May 2, 2005.

TDD Services Mellon Investor Services can be accessed through telecommunications devices for the hearing impaired by dialing (800) 231-5469 (within U.S.A.).

Heinz

H. J. Heinz Company
P.O. Box 57
Pittsburgh, Pennsylvania 15230-0057
(412) 456-5700
www.heinz.com


HEINZ
TOMATO KETCHUP
HEINZ
VERY Vegetable
Heinz
Tomato Soup
HEINZ
57
HEINZ
Pasta Sauce Traditional
Heinz
Catherine Burks
casserole with apple & pork
HEINZ
HiFIBRE
Spaghetti
tomato & cheese
Heinz
EST 1869 EST
BAKED BEANZ
in tomato sauce
57
VARIETIES
America's Favorite Chili Sauce
HEINZ
EST 1869
CHILI SAUCE
Great on burgers & fries!
NET WT 12 OZ. (340g)

Good Food, Every Day™

H.J. Heinz Company
P.O. Box 57
Pittsburgh, PA 15230-0057
412.456.5700
www.heinz.com